

# What You Need to Know about Ridesharing Programs

## What are ridesharing programs?

Also known as transportation networking companies, these entities connect drivers with potential passengers using an online method or a smartphone app. Some of the companies providing these services are Lyft and Uber.

Passengers pay a fee and the driver uses his/her own car to provide transportation.

In some states, the car's owner may be the driver or "rent" the car to the other person for his/her use. This is generally referred to as "car sharing," not "ridesharing."

## What should I know before I use a ridesharing program?

Both the drivers and the passengers should be aware that a standard personal automobile insurance policy **does not** cover losses when the vehicle is used for commercial purposes. Many policies will specifically exclude damages or injury caused by the use of a vehicle for public or "livery" (driving for hire) conveyance. In most cases, this means there is no coverage for liability, medical payments, uninsured/underinsured motorists, physical damage and personal injury protection.

If you are interested in one of these arrangements, either as a driver or a passenger, you should **carefully** review any agreement with the company, as well as any insurance policies (yours, the other party's and the company's).

Contact your insurance agent to see what, if anything, would be covered in the event of an accident or injury. If you would be a passenger, ask if the purchase of a "non-owned" vehicle policy would provide the needed coverage. If you would be the driver, ask about purchasing a commercial policy to provide another layer of protection, even if the transportation networking company says it has insurance coverage. Both parties should thoroughly review any insurance options with the help of a licensed agent.

It is also important to review the company agreement to see if the driver is considered an employee of the ridesharing company or an independent contractor.

**Several of these companies indicate they have a commercial liability insurance policy that covers up to a set amount (like \$1 million) per occurrence. Won't this cover me if there is an accident while I am driving my car or if I am injured as a passenger?** You should carefully review the policy language for possible limitations.

For example, some of the policies offer coverage if a driver is negligent and a passenger or third party suffers injuries. The policy may not provide coverage for the driver's injuries. However, these policies would not provide coverage for any damage to your car due to collision, damage caused by an animal, glass breakage, theft, vandalism, etc.

In addition, some of the company policies are “excess” coverage and would not pay unless the driver’s personal auto insurance paid to the limits of the policy. If you are told that your personal policy would not provide coverage if you are in an accident while driving for one of these companies, you will want to ask if the ridesharing entity’s policy will pay anything.

Also be sure to note any disclaimers in the company terms and conditions, including one that the entity accepts no liability or responsibility for any services provided. Have your insurance agent review all policy information before signing up as a driver or as a passenger.

**If my son or daughter at college decides to become a driver for one of these companies, can I be held liable for any accident that occurs?**

If the student is listed as a driver on your auto policy, you will want to discuss this with your insurance agent.

**Who has jurisdiction over these companies?**

A number of state agencies, including the Office of the Attorney General, the Transportation Cabinet, the Department of Insurance, the Department of Workers’ Claims and the Kentucky State Police, are meeting regularly to coordinate oversight, including possible legislation needed to regulate these entities. Contact has been made with the companies to discuss concerns.

**I carpool with several of my neighbors. Should I be worried about this arrangement?**

No, traditional carpooling by co-workers or neighbors is not considered ridesharing. In carpooling, most participants take turns driving and share expenses. That is not considered a “driving for hire” situation. In addition, volunteers, such as those who transport cancer patients to treatment, are not participating in a “driving for hire” arrangement.



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July 2017

