

# Ridesharing Services and Your Auto Insurance Coverage, Are They Compatible?

**CAUTION**  
Ridesharing Could Cost You

Ridesharing and vehicle sharing services (like Uber & Lyft) have hit the roads of cities all across the nation and the globe. The concept seems simple enough, but Michigan drivers need to be informed of the risks.

If you're interested in participating in either service, you must seek the right insurance coverage so you'll be protected in an accident. Here's the fine print.

## 1. Risks to passengers

Passengers should be aware of two issues. First, ridesharing drivers aren't currently subject to the regulations that taxi and livery services follow. That means drivers aren't required to have city-regulated vehicle inspections or background checks, a public safety concern to many cities.

Second, if a rideshare vehicle driver has no insurance, the passenger may be forced to hire an attorney and file a suit for injuries against the driver - which can be costly and doesn't guarantee an enforceable settlement. In addition, the passenger may need to file a claim under his or her own auto policy's coverage.

## 2. Drivers may not be covered

Neither ridesharing nor vehicle sharing services are covered by traditional personal auto insurance policies. Most policies

already have exclusions that apply when using a vehicle to transport people or property for a fee. Some insurers added an additional endorsement to clarify that someone using a vehicle for ridesharing or renting is also excluded from coverage. Some companies will not renew your policy when they find out your car is involved in ridesharing. Rideshare drivers need additional protection, so find out if your carrier provides such coverage.

## 3. A rideshare service's insurance isn't enough

Some rideshare services offer supplemental liability insurance to their drivers for coverage while they are operating as a rideshare driver. But that does not provide coverage for expenses incurred to repair damage to their own vehicle. It also doesn't include other expenses that can result from an accident, such as medical bills. Ask the rideshare service for details about their insurance coverage.

## We can help



Ridesharing is a complex issue, and the story unfolds daily. Call us to review your personal auto policy and even your rideshare service's policy. We'll point out gaps in coverage and tell you what options your carrier offers.

## Ridesharing has come to Michigan: make sure you're prepared

Public transportation has become personal in Michigan. According to media reports, ridesharing services are currently operating in Detroit, Grand Rapids, Lansing, Flint, Kalamazoo, and Ann Arbor.

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Michigan cities where ridesharing is available

Ridesharing allows vehicle owners to transport passengers in their own cars for a "donation." Drivers sign

up with a service that charges a fee to connect passengers with drivers via a website or smartphone app. Passengers arrange rides and pay with a credit card using the app.

Vehicle sharing lets car owners rent their cars to others when not in use.

Both are enticing prospects to those looking for extra money and flexible hours, but there are insurance implications that could cause potentially significant financial problems. Talk to us if you want to participate in these services. We'll explain your coverage and tell you what you need.

## Additional Resources

- DIFS rideshare warning to drivers ([http://bit.ly/DIFS\\_Rideshare](http://bit.ly/DIFS_Rideshare))
- Uber blog on ridesharing and insurance (<http://blog.uber.com/ridesharinginsurance>)
- NAIC rideshare warning to passengers (<http://bit.ly/NAIC-Rideshare-Passengers>)
- NAIC rideshare warning to drivers ([http://bit.ly/NAIC\\_Rideshare\\_Drivers](http://bit.ly/NAIC_Rideshare_Drivers))



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