

Ride hailing: Income Lyft or Uber dangerous?

Peer-to-peer ride hailing has exploded on the scene. It is either the next big innovation in the marriage between technology and social networking or it is the next big innovation since slap bracelets and Silly Bandz. Regardless of its future, ride hailing is here and, at least for the immediate future, it isn't going anywhere.

What is ride hailing? I thought it was ride sharing?

You might be thinking "A rose by any other name would smell as sweet" but there is a difference between the terms "ride sharing" and "ride hailing." At its most basic level, ride sharing is carpooling. It is the act of sharing a vehicle with one or more people for the purpose of commuting to a desired destination. The goal is to share costs among all occupants of the vehicle, making the commuting more affordable. It would be if you were carpooling. However, with the rise of peer-to-peer sharing apps from Transportation Network Companies such as Uber, Lyft, and others, the traditional concept of carpooling has been lost. The term "ride sharing" is now used to describe a passenger for hire, which is not the same as carpooling. The term "ride hailing" is used to describe a passenger for hire, which is not the same as carpooling.

The devil is in the details

It might seem like a small distinction between ride sharing and ride hailing, but that distinction can make all the difference in the world when it comes to insurance coverage. Typically, your personal auto

policy has what is known as a "livery exclusion." This exclusion states that when an individual uses his or her personal auto as a livery vehicle (i.e., transporting passengers in exchange for a fee), the personal auto policy will not provide liability, medical payments, uninsured/underinsured motorist, or physical damage coverage if an accident occurs while the vehicle is being used as a livery vehicle. This means you are not covered under your personal auto policy the event of an accident while you are acting as a TNC driver.

So, you have established your personal auto policy will not protect you in the event of an accident, but will the TNC provide coverage? The largest TNCs have responded to the livery exclusion in personal auto policies by providing liability, uninsured/underinsured motorist and comprehensive/exclusion coverages to TNC drivers while they transport passengers for a fee. However, this does not solve the issue completely, as policies provided by TNCs typically are considered excess to the personal auto policies, which means they will provide coverage only if your personal auto policies denies coverage. This can create a situation in which the handling and settlement of claims related to a TNC accident can be a long and drawn out affair.

What are your options?

Well, bad news is you wish to engage in ride hailing, the insurance market is not there yet, and the insurance industry is still developing. The Insurance Services Bureau is an organization that develops standardized insurance policy language for the insurance industry, has recently proposed a form that would allow a driver to purchase coverage for the time that he/she is on a TNC app, but has not yet been matched with a passenger. Some insurance companies also are venturing forth with special policies intended for ride-hailing operators. In addition, state legislatures across the country are passing measures designed to remove some of the ambiguity that is associated with ride hailing and insurance coverage.

Who you gonna call?

Make sure you contact your local professional, independent insurance agent with any questions you might have about ride hailing insurance exposures. Our agency will be able to more fully explain the risks associated with ride hailing, the possible coverage options available to protect you in the case of an accident while you are acting as a TNC driver, as well as the status of state and municipal laws and regulations designed to ensure proper insurance coverage is in place for you.



Your Professional Insurance Agent ... We want you to know about the insurance you're buying.