

## Insurance Gaps Exist in Private Autos for Hire Services

*Drivers, as well as passengers, should be aware of gaps in insurance coverage for “private sedan” or “transportation network company” activity.*

As private auto for hire companies, such as uberX, Lyft and Sidecar, become more popular in the District of Columbia, the D.C. Department of Insurance, Securities and Banking is issuing this guide to make drivers aware of the insurance implications of using their personal cars to offer these services. It is also important for passengers to know there may be gaps in insurance coverage in the unfortunate event of an accident or injury.

Private auto for hire companies – also called “private sedans,” “transportation network companies,” or “transportation network application companies” – use websites or smartphone apps to connect passengers with drivers who use their personal autos to transport customers for a fee. This guide does not address services using commercial vehicles (for example, Hailo or Uber-Black Car). Private auto for hire services should not be confused with not-for-profit ridesharing activities such as “slugging” or carpooling.

The D.C. Taxicab Commission has proposed regulations with minimum insurance requirements for private sedans, and the D.C. Council is considering legislation on this topic, but there currently are no specific insurance requirements for private auto for hire services in the District.

### Gaps Under Personal Auto Insurance Policies

Drivers should be aware that standard personal auto policies issued in the District do not include livery services, meaning driving for hire. A typical exclusion is:

***We will not cover bodily injury or property damage arising out of the ownership, maintenance or use of a vehicle while used to carry persons or property for compensation or a fee.***

Personal auto policies may have some or all of the following narrow exceptions to this livery exclusion:

- You are operating an auto as a volunteer service for a nonprofit charitable organization or a governmental agency; or
- You are transporting physically or mentally handicapped persons or persons 60 years of age or older; or
- Shared-expense car pools.

Private auto for hire activity may not fall within any of the above exceptions. Therefore, personal auto policies may not pay for accidents or other claims involving these services.

## Private Auto for Hire Company Insurance May Not Fill the Gap

Some private auto for hire companies have insurance policies that may, under certain circumstances, pay claims by drivers or passengers. However, depending on the policy terms, such policies may not provide coverage for bodily injury to drivers or passengers, damages to the driver's car, or bodily injury or physical damage caused by an uninsured or underinsured motorist. There also may be questions about whether the company's policy would apply at all times or only when a passenger is in the car.

## Things for Drivers to Know

If you are a driver for a transportation network company, you may want to:

- Read the agreement between you and the company and review what it says about who is responsible if you or others are injured or property is damaged.
- Read your personal auto insurance policy and the transportation network company's insurance policy, if one is available, and review them with your insurance professional for what is and is not covered.

Questions you may want to ask your insurance professional include:

- Is there uninsured/underinsured (UM/UIM) coverage for when another driver causes an accident but does not have any or enough insurance to pay?
  - Is there comprehensive and collision coverage for physical damage to your auto that was not caused by an uninsured or underinsured motorist?
  - Is there medical payments coverage or personal injury protection?
    - When does the coverage under the transportation network company policy begin and end? Does coverage start when you turn on the smartphone app and are available to pick up passengers, or only when you have a passenger in your car?
  - Will either the company policy or your personal auto policy pay your legal bills if you are sued?
- Consider buying a commercial auto insurance policy if you plan to offer your personal auto for hire.

Also, check with the D.C. Department of Insurance, Securities and Banking to determine if the transportation network company policy is protected by the District's guaranty fund law, which may cover a loss if the insurance company issuing the policy is financially unable to do so.

## Things for Passengers to Know

If you are using a private auto for hire service, you should be aware that there are currently no specific insurance requirements for these companies in the District. The driver's personal auto policy may not provide protection to you in an accident. Before your next trip, you may want to ask the company and your driver about their insurance.

## More Information

The D.C. Department of Insurance, Securities and Banking has two missions: to fairly and efficiently regulate financial services in order to protect the people of the District of Columbia; and to attract and retain financial-services businesses to the District. Visit us on the web at [disb.dc.gov](http://disb.dc.gov).