

Department of Commerce and Insurance Warns of Ride-Share Auto Insurance Coverage Gaps

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NASHVILLE - Commerce and Insurance Commissioner Julie Mix McPeak is warning Tennesseans of potential auto insurance gaps for individuals working as drivers for Transportation Network Companies (TNC), such as Lyft, UberX, and Sidecar. These ride-share programs provide pre-arranged transportation services for compensation using an online-enabled platform to connect passengers with drivers using the driver's personal vehicle.

"The Department wants Tennesseans to know that most standard auto insurance policies contain exclusions for livery or driving for hire," said McPeak. "These gaps can leave individuals in insurance limbo without the coverage needed to protect their vehicle and passengers in the event of an accident."

While TNCs that are approved by municipal licensing authorities may be required to maintain liability insurance, they might not have medical payments coverage, comprehensive, collision, uninsured and underinsured motorist coverage, or other optional coverages for enrolled vehicles. This means that the TNC's liability policy may not provide coverage for: 1) bodily injury to the TNC driver, 2) damages to the TNC driver's car, or 3) bodily injury or physical damage caused by an uninsured or underinsured motorist.

Moreover, insurance companies may deny coverage to TNC drivers that are driving passengers for payment based on livery or similar exclusions.

"We recommend that individuals enrolled in a TNC program contact their insurance agent, broker, or company about potential gaps in their personal automobile coverage," said McPeak. "Enrolled drivers may need to consider buying a commercial policy with medical payments, comprehensive, collision, uninsured and underinsured motorist coverage to be certain that the necessary coverage exists in the case of an accident."

Individuals with questions can contact the Department of Commerce and Insurance's Policy Analysis Division at (615) 741-2825.

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