



News Release

New Jersey Department of
Banking and Insurance

Commissioner Ken Kobylowski

For Immediate Release:
May 27, 2014

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Christie Administration Alerts Consumers on Car-Sharing Services

TRENTON – New Jersey Department of Banking and Insurance Commissioner Ken Kobylowski today alerted consumers to the potential loss of insurance coverage in connection with popular business activities known as car-sharing or Transportation Network Companies (TNC) provided by online firms such as Lyft, SideCar and UberX. TNCs offer transportation services for a fee using smart phone applications to connect potential passengers with drivers offering their personal vehicles. When individuals use their own private passenger automobiles to transport individuals for a fee, they risk driving without proper insurance and/or having inadequate coverage for themselves, their vehicle, their passengers and third parties who may sustain personal injury and/or property damage.

"Car-sharing is growing in popularity with New Jersey consumers who are obtaining and providing transportation through Internet purveyors," said Commissioner Kobylowski. "In many cases, there may not be auto insurance coverage for these activities. There may also be legitimate coverage denials under personal automobile policies in the unfortunate event of an accident. Consumers need to use caution when weighing whether to pay for transportation or to make their personal vehicles available to others for a fee through these companies."

Typically, personal auto insurance policies exclude coverage for drivers using their personal vehicles as "public or livery conveyances," that is providing rides to members of the public for a fee. In addition, the failure to disclose this use of the vehicle to the insurer may result in the insurer seeking to void the policy for misrepresentation. The TNC may have an insurance policy that purports to cover the driver and passengers while the vehicle is transporting a paying passenger. However, New Jersey consumers should be aware that these policies are not reviewed by the Department. Further, being covered by different policies for different uses of the vehicle is a new concept that has not been tested under our State's laws and in our courts.

Traditional share-the-expense carpooling or ride-sharing arrangements in which friends, neighbors, or co-workers share driving duties and the cost of gasoline are not considered commercial-type activities and are typically covered by individual insurance policies.

"Garden State consumers should not find out after the fact that they do not have sufficient insurance coverage to engage in TNC activities," said Commissioner Kobylowski. "Taking steps now, before entering into TNC agreements, can prevent serious financial losses."

Commissioner Kobylowski offered the following tips for consumers considering TNC transactions:

- Carefully review any written agreements offered by a TNC;
- Before relying on any TNC provided insurance coverage, ask for a copy of the firm's insurance policy;
- Consumers should review their own personal auto policies for possible exclusions of coverage for using the vehicle to carry passengers for a fee (also known as "livery");
- Consumers should also consult with their carrier or agent to identify the correct type of policy and coverage if they intend to engage in TNC activities including considering purchase of a commercial policy for TNC activities.

More Information

Consumers who want more information on buying auto insurance can visit the Department's Web site at:
<http://www.state.nj.us/dobi/autoplanner.htm>.

The best way for New Jersey consumers to protect their financial interests is to research any agent or company being considered for coverage and should:

- **STOP** before writing a check, signing a contract or giving out personal information;
- **CALL** the Department at 1-800-446-7467, or
- **CONFIRM** that the agent and company are licensed to write insurance in New Jersey by going online for agents at: https://www20.state.nj.us/DOBI_LicSearch/insSearch.jsp, and for carriers at: <http://www.state.nj.us/dobi/data/inscomp.htm>.

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OPRA is a state law that was enacted to give the public greater access to government records maintained by public agencies in New Jersey.



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