



A Whitepaper by The Czack Law Firm, LLC

Using an App to Catch a Ride? Be Sure the Driver is Covered

Ridesharing is the new way to “cab” it across town, commute to work, run an errand, or even send out for take-out food. Online transportation networks such as Uber and Lyft are ridesharing services, and they allow vehicle owners to get compensated for transporting passengers in their own cars.

Ridesharing is growing throughout Ohio and the country. It’s fast, easy – incredibly convenient and more accessible than ever before. Many people find also find that ridesharing is less expensive than using a traditional cab service. However, **there are some insurance and legal implications with ridesharing that you should understand.** Ridesharing isn’t regulated like a taxi service, which opens up a slew of liability concerns.

As a driver, you’re no longer a typical motorist on the road once you pick up a passenger. For example, if you are driving a rideshare vehicle (such as working for Uber or Lyft), you are technically transporting people or property for hire. Your car becomes a livery vehicle. Driving is work. And, you need to be sure have the appropriate insurance coverage to protect yourself and riders.

There are also implications to consider if you’re a rider – and that’s the position most of us find ourselves in as more take advantage of ridesharing convenience and reduced cost. “If the driver is at fault, how much coverage does he or she have?” says Michael Czack, an experienced personal injury lawyer serving Cleveland and Northeast Ohio.

What Should Riders Know? App-based rideshare companies can work differently, but here’s how the two most popular businesses provide insurance. The reason this matters to you as a rider: If your driver is in a serious accident and you are injured, who will pay for your medical attention and lost wages?

In the case of Uber, it requires drivers to have car insurance and provides supplemental coverage. A low level of liability insurance is active once the driver turns on the app. Once the trip is accepted by a rider (like you), a higher level of coverage kicks in. In Ohio, drivers’ insurance policies must provide at least \$100,000 of coverage to two or more people in an accident and at least \$25,000 of property damage coverage. While drivers are “on duty” with a passenger, the insurance policy must cover \$1 million for liability and property damage.

As for drivers? “If you have a car accident while ridesharing, don’t expect your auto liability to kick in,” says Timothy R. Graydon, CPCU, insurance agent with The Graydon-Toole Group in business since 1939. “There are exclusions, and operating a livery vehicle is one of them. Meanwhile, if the other party is at fault, you can’t be sure that their coverage will recover your costs.”

Again, transporting people or property for hire is a complete exclusion. Traditional auto policies do not cover ridesharing. In fact, some insurers have added clauses to clarify that anyone using a vehicle for ridesharing or renting is excluded from coverage.

If insurers find out that you are using your car for ridesharing, they will immediately cancel your policy—and forget about renewal.

Don't wait for your insurer to find out that you're ridesharing without proper insurance. You'll end up without a policy. And if you're getting a ride from Uber, Lyft, or other ridesharing businesses, ask about insurance before accepting the ride.

Let's talk more about how you can enjoy the benefits of ridesharing while protecting yourself. Contact The Czack Law Firm at **216-696-9216**, or [**mczack@czacklaw.com**](mailto:mczack@czacklaw.com)

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