DATE: March 5, 2015

SUBJECT: Transporting people for a fee

A popular alternative to the traditional taxis has developed and commercial ridesharing firms, such as Uber, Sidecar and Lyft have started operations in most major cities. These transportation network companies (TNC) use Smartphone communications technology to connect individuals who want a ride with drivers for a fee. Because the drivers generally use their personal vehicles, there are questions whether they have the proper insurance coverage. Most standard personal auto policies contain a “livery” exclusion, which applies when the vehicle is being rented out, or used to carry passengers for hire.

If you have church owned vehicle or a personally owned vehicle that you have insured through the California-Pacific Annual Conference Automobile Insurance Program, the coverage is written on a Commercial Auto Policy. While there is no “livery” exclusion with regard to liability coverage, there is exclusion for Physical Damage Coverage because of the way the policy defines an “Auto”. In your policy, an “Auto” is defined as a “self-propelled motor vehicle”. However, its does NOT include: “A vehicle transporting persons for hire, compensation or profit, other than a van pool vehicle;”

If you charge a fee to transport any person in your personally owned vehicle that you insure through another agent or broker, we recommend you consult with your personal insurance agent or broker to see if your policy excludes coverage. If you charge a fee to transport any person in a church-owned vehicle or a vehicle you personally own but are insuring through the Cal-Pac church automobile insurance program, we recommend that you discontinue the practice unless you are willing to assume the financial risk of loss for damage to the vehicle in the event of an accident (collision) or other physical damage such as fire, theft and vandalism.

In 2014, many state and local legislative and regulatory bodies around the country grappled with how to address TNC activities. State legislatures in California considered legislation but nothing has been presented yet. If you have any questions or concerns, please call Lizet Hernandez or Don Williams at 800-645-6100. Thank you!