

Car Pooling - Part 2

Note: Please be sure to read "Car Pooling - Part 1"

You have already learned that many drivers use different ride-sharing arrangements. The typical automobile insurance policy covers these arrangements because the driving exposure is essentially the same. The common policy exclusion that refers to "public or livery conveyances" is to prevent coverage for business situations. Using a car or SUV that is insured by a personal auto policy to transport people or goods for hire is unfair to insurers. The premium a company charges for personal use is inadequate to cover "public or livery conveyances" that are typically:

- driven more miles
- exposed to worse (i.e., high density) traffic situations
- driven under more pressure to meet delivery schedules
- exposed to poorer driving conditions

In other words, such use calls for more careful underwriting, different or special coverages and a higher premium. However, group-driving arrangements are another form of personal use such as using a car for commuting, vacations, personal errands, etc. The result is that a "personal" premium compensates an insurer for most pool arrangements.

Are There Other Coverage Considerations?

Yes. Car owners may worry if their insurance is affected if another member of a pool is driving their car. The answer is that any person using the vehicle with the car owner's permission is covered along with the car owner.

Persons who drive in carpools may want to discuss the details with their insurance agent. An insurance agent may recommend that you carry higher bodily injury liability insurance limits. Higher medical payments limits may also be in order. Providing full details can help an agent make sure that any fees involved in the arrangement represent coverage for the driver's operating expenses and not additional income.

Conclusion

In most instances, using a car in a typical share-the-ride arrangement or car pool will not affect the protection under the personal auto policy. The fact that passengers pay a small amount of money to help cover the expense of automobile operation is unlikely to eliminate their driver's insurance coverage since the car is not being used as a "public or livery conveyance." However, any fees received by a driver from car pool passengers should only reflect a reasonable share of the gas and oil expense and depreciation on the car. Do you still have questions about your situation? If so, contact your insurance agent, a professional who's in an excellent position to provide you with answers.

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