

# Transportation Network Companies and Auto Insurance: Frequently Asked Questions

- **What are Transportation Network Companies (TNCs)?**

Transportation network companies (TNCs), such as Uber, Lyft and GetMe, provide a transportation service by contracting with drivers (TNC driver-partners) who use their personal vehicles to transport passengers for a fee. These TNC services are arranged through an app installed on the TNC drivers' and passengers' mobile devices. The app connects TNC driver-partners and passengers, and payments for the services are made electronically directly to the TNC. TNCs must receive a permit from the Nevada Transportation Authority before they can operate in Nevada pursuant to [Assembly Bill 176](#) of the 2015 Legislative Session (AB 176 (2015)).

- **Why are insurance companies and State insurance regulators interested in TNC activities?**

Because TNC activities are so new, many insurance companies have not yet had time to consider TNC activity when designing or pricing personal auto insurance policies. As a result, the TNC activity introduces additional insurance risk that might not be covered under the personal auto policy. This could leave policy holders lacking certain optional coverages (such as medical payments, uninsured/underinsured motorists, comprehensive, or collision) in the event of an accident during certain phases of TNC activity.

- **When am I considered to be driving for a TNC?**

Generally, there are 3 "Phases" (Phase 1 – 3) during TNC activity. You would be considered driving for the TNC during Phases 1 through 3 as shown below:

**Phase 1:** TNC driver is logged into the app and is available to accept passenger(s).

**Phase 2:** TNC driver has accepted a request from a passenger (a "match") and is in route to pick up the passenger.

**Phase 3:** Starts when the passenger enters the vehicle and ends when the passenger fully exits the vehicle.

You are not considered to be driving for the TNC when you are not logged into the app.

- **What auto insurance coverage does Nevada Law currently require for TNC drivers?**

When you are not driving for a TNC (not logged into the app), Nevada Law requires that you have **liability coverage** for bodily injury and property damage to others (meaning not you or your passenger). Pursuant to [NRS 485.185](#), the required amount of **liability**

**coverage** must not be less than \$15,000/\$30,000/\$10,000 -- bodily injury per person/ bodily injury per accident/property damage.

During Phases 1-3 of TNC activity, **liability coverage** is required by Nevada law in the following amounts:

- Phase 1 (TNC driver is logged into the TNC app and available to accept passengers): Pursuant to Section 10 of [AB 176 \(2015\)](#), **liability coverage** must be no less than \$50,000/\$100,000/\$25,000 -- bodily injury per person/ bodily injury per accident/property damage. Pursuant to Section 11 of [AB 176 \(2015\)](#), this coverage must continuously be provided either by the TNC or the driver's insurance policies. Some TNCs might offer this liability coverage through their commercial auto insurance policies.
- Phases 2 and 3 (beginning with a "match" to a passenger, and ending when the passenger fully exits the vehicle): The **liability coverage** must not be less than \$1.5 million per accident. Pursuant to Section 11 of [AB 176 \(2015\)](#), this coverage must continuously be provided either by the TNC or the driver's insurance policies. Some TNCs might offer this liability coverage through their commercial auto insurance policies.
- During Phase 3, the TNC provides backup coverage pursuant to Section 11(3) of AB 176 (2015). Currently, all TNCs permitted by the NTA provide primary coverage during all three phases.
- **Does my personal auto insurance policy cover me if I am driving (Phases 1-3) for a TNC?**

Probably not at this time. You need to review your personal auto policy and/or contact your insurance agent or insurance company to confirm what coverage you would have if you were to drive for a TNC. Many personal auto policies exclude coverage for any TNC activity. Only a few auto insurance companies currently offer a provision or special endorsement that provides any insurance coverage during Phases 1, 2 or 3 of TNC activity.

- **When does coverage from my personal auto insurance policy stop and coverage from a TNC's commercial auto policy begin?**

In general, a personal auto insurance policy stops providing coverage from the moment you log onto a TNC app ("Phase 1") to the moment you log off. Nevada law requires that either the driver or the TNC must continuously have the statutory minimum **liability** coverage during Phases 1-3 of TNC activity. Check with the TNC to determine if it is providing certain coverage(s).

- **Doesn't the TNC's commercial auto insurance policy cover what my personal auto insurance does not cover during TNC activity?**

Not necessarily. During TNC activity Nevada law requires that either the TNC or the driver must continuously have at least minimum **liability** insurance coverage during Phases 1-3 of TNC activity, and the TNC must at least maintain backup coverage for Phase 3. Check with the TNC and your insurance agent to ensure you have the required coverage.

It is important to know that during Phases 1-3, although the TNC might provide for certain liability coverage (and will provide at least backup coverage during Phase 3), the TNC's commercial auto insurance policy probably does not provide optional coverages (such as medical payments, uninsured/underinsured motorists, comprehensive, or collision) that you may have purchased under your own personal auto insurance policy. If the TNC does not provide these coverages, and your personal auto insurance company denies an optional coverage claim as explained further below, you may experience a "gap" in certain optional coverages in the event of an accident. Such "gaps" could result in you being responsible to pay certain expenses out-of-pocket.

- **Can I get an auto insurance policy that will provide the same coverage when using my vehicle for personal activities and TNC activity?**

TNCs are relatively new, and insurance companies are working on providing policies or endorsements for the additional risks associated with participating in TNC activity. Contact your insurance agent or your insurance company to find out what options are available.

- **Will my premium go up if I drive for a TNC?**

If you engage in TNC activity, your personal auto insurance company might want you to purchase additional coverage (endorsement) at additional premium, or purchase an entirely new policy that will cover the additional risks associated with the TNC activity. The additional coverage will likely cause your personal auto insurance to cost more. Contact your insurance agent or insurance company to find out more details.

- **Would a passenger's personal auto insurance policy provide coverage for his or her injury resulting from an accident during TNC activity?**

Not necessarily. A personal auto insurance policy usually only provides insurance coverage for accidents resulting from the use of a vehicle owned by the insured, or a vehicle that the insured is driving. Passengers should always check their auto insurance policy or contact their agent or insurance company to determine if their auto insurance policy will apply while they are a TNC passenger.

- **Do I have to tell my auto insurance company that I am driving for a TNC, and could my personal auto insurance company deny claims if it *later* finds out that I am driving for a TNC?**

It is a good idea to let your personal auto insurance company know that you are using or want to use your car for TNC activity. Currently, most auto insurance policies contain a specific exclusion that prohibits you from participating in TNC activity at any time. If you drive for a TNC without the knowledge of your insurance company, it might consider the TNC activity to be a violation of your policy conditions. This means that if you are later involved in an accident, even while using your car entirely for personal purposes (for example, grocery shopping or dropping off your children at school), your personal auto insurance company might cancel your policy or deny a claim.

Under Nevada law, [NRS 485.3091](#), if you cause an accident, your auto insurance company is obligated to pay for injuries to others or damage to others' property (**liability**) at least up to the minimum statutory limits (\$15,000/\$30,000/\$10,000). But, if you did not disclose your TNC driving activity to your auto insurance company prior to the accident, your insurance company might deny any liability claim amounts that are in excess of those minimum liability limits, even if you had purchased higher liability limits.

If your auto insurance company does pay a claim, it might later "subrogate" against you. "Subrogation" is the process where your insurance company seeks reimbursement from you for any monies it pays towards a claim under the above circumstances.

The insurance company might also deny claims for optional coverages that you may have purchased on your personal auto insurance policy to protect you, your passengers, or your car. These would include such coverages as Collision, Comprehensive, Medical Payments, and Uninsured/Underinsured Motorists coverage.

If you do make the disclosure, your personal auto insurance company might be able to offer a special endorsement to extend certain coverages during certain TNC activity.

- **Can my auto insurance policy be canceled by my insurance company if I drive for a TNC?**

Again, currently most personal auto insurance policies contain a specific exclusion that prohibits you from participating in TNC activity at any time. If you drive for a TNC company without the knowledge of your insurance company, it might consider the TNC activity to be a violation of your policy conditions for which it could cancel your policy. [NRS 687.320\(1\)\(d\)](#), allows your insurance company to cancel a policy upon discovery of a violation of any condition of the policy which 1) occurred after the first effective date of the policy, and 2) which substantially and materially increased the hazard insured against. Your insurance company is required to send at least a 30-day advance notice of cancelation pursuant to [NRS 687B.320\(2\)](#).

- **What should I do if my auto insurance company cancels my insurance policy for participating in TNC activity?**

Nevada's auto insurance market is one of the most competitive in the country with over 130 insurance companies writing personal auto insurance. You should shop around to see which insurance company might accept you as an insurance risk in light of your TNC activity.

- **Do I need a commercial auto insurance policy to drive for a TNC?**

Under current law there is no requirement for a TNC driver to have a commercial auto insurance policy. However, commercial auto insurance products may include broader coverage and might be available in Nevada for purchase. Check with your insurance agent.

- **What proof of insurance do I need if I am driving for a TNC?**

Pursuant to Section 14 of [AB 176 \(2015\)](#), a TNC driver is required to carry proof of the required insurance coverage at all times during Phases 1-3 of TNC activity. Such proof of insurance must be provided upon request to a law-enforcement officer, and to any party with whom the driver is involved in an accident. Ask your TNC for an evidence of insurance card confirming the required insurance for TNC activity ("Phases 1-3").

Finally, Section 29 of [AB 176](#) requires that you, a TNC driver, to provide proof to the TNC that you have complied with the auto insurance liability coverage requirements for your personal vehicle pursuant to [NRS 485.185](#).

- **What are TNCs required to disclose to me when I sign up to be a TNC driver?**

Pursuant to Section of [AB 176 \(2015\)](#), the TNC must provide a disclosure notice to you with the following information at the time you sign up to be a TNC driver:

1. The insurance coverage and limits of liability that the TNC provides for a driver, if any, while you are engaged in TNC activities ("Phases 1-3");
2. That your state-required personal auto liability insurance might not offer the required coverage for the use of your personal car in TNC activities ("Phases 1-3");
3. If comprehensive or collision coverage was purchased by you under your personal insurance policy, that such coverage might not apply to any damage which results from the use of your car during TNC activities ("Phases 1-3");
4. If there is a lien against your car used for TNC activities, that you must notify the lienholder that your car is being used in TNC activities;

5. That the use of your car for TNC activities might violate the contract between you and the lienholder, if any.

Read the disclosure notice carefully. Take the time to understand and determine what TNC provided insurance coverage you would have and whether there would be any “gaps” with your personal auto insurance.

- **How do State regulators ensure that the TNC auto insurance policy is compliant with Nevada law?**

TNCs are licensed by the Nevada Transportation Authority (NTA). The Division of Insurance (Division) works in collaboration with the NTA by reviewing every TNC commercial liability auto insurance policy and the required disclosures for compliance with Nevada law. The Division communicates the results of its review to the NTA before the NTA issues a license to a TNC.

- **Where can I get more information about personal auto insurance policies?**

The Division publishes a [Consumer’s Guide to Auto Insurance Rates](#) that you can download from our web-site or pick up a copy from our offices in Carson City or Las Vegas. This informational guide contains explanations of different type of coverages available under a personal auto insurance policy, Nevada law and what factors insurance companies generally use to develop the auto insurance premiums.

As the ultimate consumer protection agency on insurance issues, the [Nevada Division of Insurance](#) exists to serve you. We can be a source of unbiased information and assistance to you. While most insurance companies have policyholder service officers to handle your policy-related questions, we encourage consumers interested in further information on TNC-related insurance matters to contact the Division of Insurance:

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