What Uber and Lyft Passengers Don't Know About Insurance Coverage Can Cost Them Everything

Rideshare Insurance Is Confusing on Purpose, and the Gap It Leaves Could Fall Entirely on You

If you've been hurt as a passenger in an Uber or Lyft accident in Nashville, one of the first things you'll discover is that figuring out whose insurance covers you is genuinely difficult. That confusion isn't accidental. Rideshare companies have structured their insurance arrangements in ways that limit their exposure, and the passengers who end up paying the price are the ones who assumed they were fully protected simply because they were riding in someone else's vehicle.

https://www.youtube.com/shorts/HUo_vDHmbh0

In 25 years of practice, attorney Eric Beasley has seen nearly every insurance company survive the claims that come their way. The one notable exception was the company that had been handling all rideshare claims. It went under. The claims that company carried have since been spread across multiple insurers, adding another layer of complexity to a system that was already hard for injured passengers to navigate. Understanding how that system actually works, and where the coverage gaps are, could be the difference between recovering compensation and being left with nothing.

How Rideshare Insurance Coverage Actually Works

Uber and Lyft are not traditional transportation companies in the eyes of the law, and that distinction shapes everything about how their insurance coverage works. Both companies classify their drivers as independent contractors rather than employees, which limits the companies' direct liability and means their insurance coverage operates on a tiered system tied to what the driver was doing at the moment of the crash.

The coverage that applies to a given accident depends on which phase of the trip the driver was in when the crash occurred.

- **App Off:** When the driver has the rideshare app closed and is not available to accept rides, the rideshare company's insurance doesn't apply at all. The driver's personal auto insurance is the only coverage available, and most personal auto policies exclude commercial activity. If the driver was off the app, you're dealing with a standard personal injury claim against the driver's individual policy.
- **App On, No Passenger Yet:** When the driver has the app on and is available but hasn't accepted a ride or picked up a passenger, Uber and Lyft provide limited contingent liability coverage. This coverage is typically much lower than what's available once a passenger is in the vehicle, and it only applies if the driver's personal insurance denies the claim.

- **En Route Or Passenger On Board:** Once the driver has accepted a trip and is either en route to pick up the passenger or has the passenger in the vehicle, Uber and Lyft provide their highest tier of coverage, which generally includes up to $1 million in liability coverage per incident. This is the phase most passenger injury claims fall under.

Even at the highest coverage tier, the $1 million figure can be misleading. That amount covers liability to injured parties, but how it's distributed when there are multiple injured passengers, how it interacts with other available coverage, and whether the rideshare company's insurer will actually pay without a fight are separate questions entirely. Understanding who pays after a car accident in Tennessee is complicated enough in a standard two-car crash. Add a rideshare platform to the equation and the layers multiply.

The Uninsured Motorist Coverage Problem That Most Passengers Don't See Coming

Here is the coverage gap that matters most and that most rideshare passengers never think about until they need it: uninsured motorist coverage.

Uninsured motorist coverage, commonly called UM coverage, protects you when you're injured by a driver who either has no insurance at all or doesn't have enough insurance to cover your damages. In a standard personal auto policy, UM coverage is one of the most valuable protections you can carry. In the rideshare insurance context, it has been quietly and significantly cut back.

Rideshare insurance companies have reduced UM coverage on their policies to save money. What that means in practice is that if you're riding in an Uber or Lyft and the vehicle is struck by an uninsured driver, the rideshare company's policy may not provide any meaningful compensation for your injuries. You'd be injured through no fault of your own, riding in a vehicle operated by a company worth billions of dollars, and you could still walk away with nothing from their insurer if the at-fault driver had no coverage.

Tennessee has a meaningful number of uninsured drivers on its roads. According to the Insurance Information Institute, roughly one in eight drivers nationwide is uninsured, and in some states the rate is significantly higher. Nashville's road network draws traffic from across the region, and the practical reality is that an uninsured driver striking the rideshare vehicle you're riding in is not a remote hypothetical. It's a genuine risk every time you get in.

Why Your Own Auto Insurance May Be Your Most Important Protection as a Rideshare Passenger

This is the part that surprises most people: your own personal auto insurance policy can protect you even when you're riding in someone else's vehicle. If your policy includes uninsured and underinsured motorist coverage, that coverage travels with you. It applies when you're a passenger in a rideshare vehicle and the crash involves an uninsured or underinsured driver, and the rideshare company's own UM coverage is inadequate to cover your losses.

This is one of the most practical and underutilized protections available to Tennessee drivers and passengers. The extra cost of adding robust UM coverage to your personal auto policy is modest, typically a few dollars per month, and the protection it provides extends well beyond situations where you're behind the wheel of your own car. Whether you're in a friend's vehicle, a rental, or the back seat of an Uber, your UM coverage can step in when the at-fault party's insurance falls short.

The same logic applies to underinsured motorist coverage, or UIM coverage. If the at-fault driver has some insurance but not enough to fully compensate you for your injuries, your UIM coverage can bridge the gap up to your policy limits. In a serious injury case where medical bills, lost wages, and long-term care costs add up quickly, that bridging function can make a substantial difference in what you're actually able to recover.

What Tennessee Law Requires Rideshare Companies to Carry

Tennessee has addressed rideshare insurance requirements through state law, and understanding what's required gives injured passengers a clearer picture of what they can count on and where the gaps are. Under Tennessee's Transportation Network Company statutes, rideshare companies like Uber and Lyft are required to maintain specific minimum coverage amounts depending on which phase of a trip the driver is in.

While the $1 million liability coverage during active trips sounds substantial, there are important limitations. The law sets minimums, not maximums, but also doesn't mandate that rideshare companies carry robust UM coverage for their passengers. That absence is where injured passengers most often discover that the protection they assumed existed doesn't.

It's also worth understanding that even when coverage technically exists, collecting it isn't automatic. Rideshare insurers are sophisticated companies with claims teams and legal departments whose job is to minimize payouts. An injured passenger dealing with those companies without legal representation is at a significant disadvantage. Dealing with insurance companies after a car accident is difficult under the best circumstances. Dealing with a rideshare insurer's layered coverage structure makes it considerably harder.

Steps to Take After Being Injured as a Rideshare Passenger

If you're injured in a crash while riding in an Uber or Lyft, the steps you take immediately afterward matter as much as they do in any other accident, and a few of them are specific to the rideshare context.

1. **Get medical attention right away.** Document your injuries through a medical provider as soon as possible. Don't wait to see how you feel the next day. Many serious injuries, including soft tissue damage and concussions, don't reach their full symptomatic presentation immediately, and a gap between the crash and your first medical visit gives insurers an argument that your injuries weren't caused by the accident.
2. **Screenshot the trip details in the app.** Before you close the rideshare app, take a screenshot of the trip confirmation showing the driver's name, the vehicle, and the trip details. This documents that you were an active passenger on a confirmed trip at the time of the crash, which determines which tier of coverage applies.
3. **Get the other driver's information.** If another vehicle was involved, collect the other driver's insurance information, license plate, and contact details. You'll need this to

determine whether the at-fault driver was insured and to make a claim under your own UM coverage if they weren't.

4. **Report the crash through the rideshare app.** Both Uber and Lyft have in-app accident reporting processes. Reporting through the app creates a record with the company and starts the process of establishing your claim under their insurance.
5. **Contact your own insurance company.** Even if you believe the rideshare company's insurance should cover your injuries, notify your own insurer of the accident. Your UM and UIM coverage may ultimately be the most important protection you have, and timely notice is typically required under your policy.
6. **Speak with an attorney before giving recorded statements.** Rideshare insurers may contact you quickly after a crash looking for a recorded statement. Speak to an attorney before accepting any calls from an insurance adjuster. Statements made without legal guidance can be used to minimize or deny your claim.

How Multiple Insurance Policies Interact in a Rideshare Injury Case

One of the things that makes rideshare injury cases genuinely complex is the number of insurance policies that may be involved and the order in which they apply. In a serious rideshare accident, you could be dealing with coverage from the at-fault driver's personal policy, the rideshare company's commercial policy, and your own personal auto policy, all at the same time. Each insurer has an interest in pushing responsibility onto the others, and without someone coordinating the claim, injured passengers can fall through the gaps.

The question of which policy is primary and which is excess, meaning which one pays first and which one fills in after the first is exhausted, is a legal and contractual question that varies based on the specific facts of the crash, the policies involved, and Tennessee law. Getting that sequencing right is part of what an experienced car accident attorney does in a rideshare case, and it's one of the reasons that injured passengers who try to navigate these claims on their own often end up with less than they're entitled to.

As Tennessee passengers may not realize, the amount of coverage available after a wreck is often greater than what's immediately obvious. That's especially true in rideshare cases where multiple policies overlap. The job of your attorney is to identify every source of available coverage and make sure none of it goes unclaimed.

The Practical Advice That Applies Right Now, Before You Get in a Rideshare

The most actionable takeaway from all of this is something you can do before you ever get in a rideshare vehicle again: check your own auto insurance policy and make sure you're carrying uninsured and underinsured motorist coverage with limits that actually matter.

A minimal UM policy won't protect you in a serious injury case. If your medical bills, lost wages, and pain and suffering add up to $200,000 and your UM coverage caps at $25,000, the coverage technically exists but doesn't do the job. Talk to your insurance agent about your current UM and UIM limits and whether they reflect the actual financial exposure you'd face if you were seriously hurt in a crash caused by an uninsured driver while riding in a rideshare vehicle.

The few extra dollars per month that robust UM coverage costs is one of the best investments a Tennessee driver or frequent rideshare passenger can make. The alternative, relying on the rideshare company's stripped-down UM coverage and hoping the at-fault driver was insured, is a gamble that too many people only understand they've lost after they've already been hurt.

If You Were Hurt in a Rideshare Accident, the Insurance Picture Is More Complicated Than It Looks

Rideshare injury cases involve multiple insurers, layered coverage structures, and companies with strong financial incentives to minimize what they pay.

At the Law Office of Eric Beasley, we've spent 25 years untangling complicated insurance situations for injured Tennesseans, and we know how to identify every dollar of coverage available to our clients. Contact us for a free consultation. We handle rideshare accident cases on a contingency fee basis, so there are no upfront costs and no legal fees unless we recover compensation for you.