

Car pooling insurance implications in light of SA's highest petrol price

With the petrol price having reached its highest level in the country ever, many motorists may consider forming a car pooling group in an effort to reduce costs associated with daily travelling. However, they could be placing themselves at risk of a motor insurance claim rejection if they are not aware of the insurance considerations when it comes to car pooling activities.

If consumers receive money for their car pooling initiative some insurance companies may consider this to be business use, which could cause problems if the policy states the car is only covered for personal use.

Some policies stipulate consumers are not allowed to carry fare-paying passengers or use it for trade purposes, so it is vital that consumers check with their insurance providers to see whether they need to adapt their policy accordingly.

Passengers in a car pool may contribute to the cost of running the vehicle but there must be no element of profit or monetary gain for the owner. If the driver does make a profit, then they are potentially invalidating their domestic motor insurance policy because anyone who stands to make a profit from any form of transportation with their vehicle, such as a shuttle service, must officially register as a taxi operator.

Those who register themselves as a taxi operator will also need to comply with all the regulations that ensue.

While some of these rules are related to good driving practices, such as having the vehicle tested annually, some are more serious. A taxi operator is required to hold a professional driving permit (PrDP). If a consumer is transporting someone for money and does not have this permit, in addition to their driving license, then it is highly possible that they will not be paid out in the event of a claim.

Another important point for anyone participating in a car pool to note is that overloading above the passenger carrying capacity of the vehicle is a standard policy exclusion and would also most likely result in a claim being rejected.

If any consumer's car pooling initiative changes from a lift to and from work into a profitable operation, there is a high risk that the insurer would repudiate an accident claim if they have not been informed of the change in circumstance.

For anyone planning to partake in any form of car pooling initiatives it is best to consult directly with your broker to ensure you are fully covered in the event of a claim to avoid any additional financial strain.

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