

Does Car Insurance Cover the Car or the Driver?

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insurance



Article summary

- Your car insurance policy typically follows the vehicle instead of the driver, which means your coverage applies if you lend your car to a friend and they cause a crash.
- Insurers may deny claims if the borrower uses your car for commercial work, lacks a valid license or lives with you but isn't listed on your policy.
- A crash caused by another driver can still impact your insurance record and increase your premiums, so you should review your policy's exclusions before handing over the keys.

You lend your car to a friend to run some errands. Your teenage driver uses your car for their first solo drive. Your housemate borrows your car to deliver groceries. In each scenario, the same question lingers in the background: *Does car insurance cover the car or the driver?*

In most cases, the insurance follows the car, not the driver. But as with many insurance issues, details matter.



Insurance usually follows the car

Generally speaking, if you allow someone to use your vehicle and they cause a crash, your insurance will be the primary coverage. This is known as permissive use.

Your [liability coverage](#) typically covers injuries or damages to others. At the same time, your [comprehensive](#) and [collision](#) insurance (if you have them) would apply to your vehicle's damage, up to coverage limits. This means that lending your car is also lending your insurance.

Permissive v. non-permissive use

Permission is the dividing line for auto insurance coverage. If you gave permission for someone to use your vehicle, or there was a reasonable assumption that the driver had permission, your insurance will provide coverage up to policy limits. If someone takes your vehicle without your knowledge or against your wishes, coverage may be limited or denied entirely.

Before loaning out your vehicle, you'll want to know whether the driver has a valid driver's license and a good driving record. There are situations when insurance may not apply, even with permission. These can include:

- A driver who should have been listed on your policy but wasn't
- Driving under the influence of drugs or alcohol
- Using a vehicle for commercial purposes without the appropriate endorsement

If you have AAA Insurance and need to make a claim, you can count on us to work closely with you to resolve your claim quickly and completely while providing prompt, courteous service.

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Common driving scenarios and how coverage applies

Here are some specific situations and how auto insurance would apply:

- **Friends and occasional drivers** – Occasional drivers are typically covered under auto insurance policies as permissive users. However, if borrowing becomes frequent, such as with a nanny, your auto insurance may require you to add this person to your policy. Failing to disclose regular drivers can lead to denied claims.
- **Family and household members** – Most insurers require that all licensed drivers in your household be included on your policy (or specifically excluded). This is because there is implied permission when someone in your household uses your vehicle. A spouse, partner or adult child who lives with you should be disclosed. Failing to do so could result in claim denial if they use your vehicle and get into a crash.
- **Teen drivers** – Many states have rules governing [teen drivers](#), limiting the hours they can drive and the number of passengers they can carry. It is important to review your coverage limits before allowing a teen driver to use your vehicle, as they pose a higher risk. Teens in your household should be listed as covered drivers if they have permission to drive your vehicle.
- **Rideshare or delivery driving** – Personal auto insurance typically does not cover commercial use, such as rideshare or food delivery, without an additional endorsement. If you let someone borrow your vehicle for one of these purposes and you don't have the proper endorsement, coverage can be denied.
- **You're borrowing a friend's car** – When borrowing a friend's car, the vehicle owner's insurance will likely be primary [in case of a crash](#) you cause, followed by your own auto insurance.

What happens after a crash?

If a permissive driver causes a crash, the vehicle owner's insurance will typically provide primary coverage. If the driver has their own insurance, it would kick in as secondary insurance if the damages exceed the primary policy limits.

It is important to know that a crash under your insurance can still impact your insurance record, even if you weren't the driver. A crash caused by a permissive driver can result in a [premium increase](#), as claim history typically follows the vehicle owner, not the borrower.

How to help protect yourself before lending your car

Before loaning out your vehicle to another driver, it is important to review your insurance policy's permissive use language and be aware of any exclusions, such as commercial use. Be sure to add any household members or regular users to your policy. Household members who do not have permission to drive your vehicle should be listed as excluded drivers.

Lending your car may seem like a small favor, but it can have serious financial implications. Knowing how your policy works will help you assess the risk before handing over the keys.