

# Rental Car Insurance



## Does my Auto Policy cover a Rental Car?

You may have heard that your auto policy or credit card will cover a rental car. That can be true. But it can also leave you with serious coverage gaps. That's why we generally advise our clients to buy the rental car company's coverage. As a general rule your auto policy extends to a rental car if:

- **You will be driving the rental car in the United States or Canada.**
- **You drive with the rental car company's permission.**  
Please make sure everyone who *might* drive the rental car signs up as a 'driver' on the rental agreement. A driver who is not listed on the agreement does not drive with permission.  
  
Also, keep in mind that *your* auto insurance policy only covers the drivers that are listed on your auto policy. So if you are traveling and sharing a rental car with a friend, make sure they check to see if they are covered under their own auto insurance policy.
- **You are renting a car for short-term use only.** Short term generally means less than 28 days.
- **You are renting a car for personal use.**  
Your personal auto policy generally does not cover business use, unless this is a specified part of your policy. Therefore, if you use the rental car for business purposes, your loss may not be covered.
- **You have the necessary coverage on your auto policy.**  
That means you not only have liability, underinsured motorist and personal injury protection coverage, but also comprehensive and collision coverage. If you dropped the latter two coverages on your own car(s), you would not have coverage for damage to the rental car (such as broken windshield or collision loss.)
- **You are renting a private passenger automobile.**  
That means, no moving van, or similar vehicle. Please see below for more information.

**All this sounds like your auto policy might cover you for a rental car, doesn't it? So why do we recommend that you spend vacation dollars on the rental car company's insurance?**

**Because we don't want your vacation spoiled by delayed travel or a surprise charge to your credit card, due to "traps" in the rental car contract!**

## Does my Credit Card cover a Rental Car?

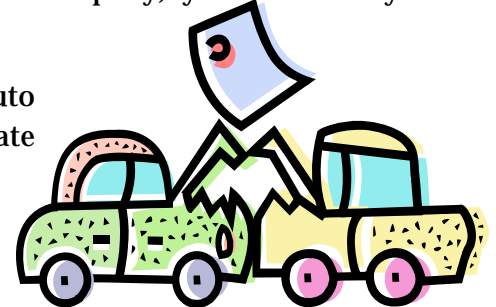
Maybe. Some of the premium credit cards (Gold and Platinum, etc.) do indeed offer coverage for a rental car. Since the contracts vary from card to card, you may want to call your credit card company to find out exactly what is covered. Some cards may only provide secondary or excess coverage, requiring you to file a claim with your own auto policy before the credit card coverage applies.

**Don't rely on coverage through your credit card unless you've researched it thoroughly.**

## What is a Loss Damage Waiver (LDW)?

You have the option to purchase a **“Loss Damage Waiver” (LDW)** from the rental car company. If purchased, this waiver relieves you from financial liability for the loss of, or damage to the rental car and the parts and accessories that come with it. **Here’s why we recommend it:**

- Rental car companies only make money when they are renting out their cars. If the car you rented gets damaged and needs repairs, the rental car company cannot rent it during the repair process, which can often exceed several weeks. In most cases, the fine print in your rental agreement will stipulate that you owe the rental company for loss of rental income during the repair.
- If you don’t have collision and comprehensive coverage on your auto policy, or if you don’t want the rental car company to charge your credit card for the total cost of the repairs (which they will do – rather than wait for the settlement from your insurance company) you should buy the “LDW”.
- If you have comprehensive and collision coverage on your auto policy, buying the “LDW” may sound like buying duplicate coverage. But if you buy it, you may not have to file a claim under your personal auto policy, you won’t have to pay the deductible, and you may not face a rate increase at your next renewal.
- If you decide to buy the “LDW”, be sure to read the fine print: There are likely to be some exclusions, such as coverage that does not apply for drivers not listed on the contract, when driving intoxicated, when driving off road, or when driving certain stretches of road, such as the infamous road to Hana in Maui.



## What if I Rent a Car while Traveling Abroad?

**Your personal auto policy will only extend protection in the United States and in Canada.** If you plan on renting a car in Europe, Asia, or South America, your personal auto policy will *not* extend. In that case, it is best to purchase maximum limits of liability, in addition to collision and comprehensive coverage, directly from the rental car company.

## Do I need to buy extra coverage for a Moving Van?

Clients often ask if they need to buy coverage for a moving van. The answer is **YES**. Your auto *liability* will extend, but there is *no coverage for damage* to the rented moving truck because it doesn’t fit the description of “private passenger auto”.

More Questions?

Please call us at **425.379.9200**. We’re here to help!