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Solutions

Business ■ Home ■ Auto
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Rental Car Insurance

I'm going on vacation and plan to rent a car. Does my personal auto policy cover the rental vehicle?

The majority of auto insurance companies will extend coverage from your personal auto policy to a rental vehicle. With most policies, coverage pays for actual repairs to the rental car, but you remain responsible for your policy deductible as well as any fees charged by the rental company, which is where most issues arise. Also note the following restrictions:

- If you do not carry comprehensive or collision coverage on your personal auto policy, the rental car will also not be covered in case of theft or damage.
- Coverage may not be extended outside of the United States.

Will my credit card cover the rental vehicle?

Many credit card companies offer rental insurance and will pay for damage to a rental car if you pay with that card. However, the coverage will be secondary to your personal auto policy. In other words, your credit card company may pick up whatever your personal auto insurer does not pay, such as your deductible.

If my personal auto policy covers the rental car, and my credit card covers my deductible, doesn't this mean I'm fully covered?

While these two options may provide sufficient coverage, they frequently fall short. And, the renter is always responsible for any loss or damage to a rental vehicle, regardless of who is at fault. Neither will cover costs and fees such as:

- Towing
- Loss of use (the period the rental car is out of service for repairs)
- Diminished value (wrecked and repaired cars are less valuable than undamaged, factory originals)
- Administrative fees

Would it be wise to purchase the extra "insurance" offered by the rental car company?

A loss damage waiver (LDW), sometimes called a collision damage waiver, purchased from a rental car company essentially takes the place of your own collision and comprehensive insurance, letting you and your insurance company off the hook if you wreck the rental car, or if it's stolen or vandalized. In exchange for purchasing the LDW, the rental company agrees to "waive" claims against you for damages in the event of an accident. But, your LDW coverage could become void if the accident was caused because you were speeding, driving under the influence, or the accident was the result of a reckless act or error on your part.

BEFORE RENTING A CAR: CHECK YOUR INSURANCE OPTIONS

CALL YOUR AGENT

Find out if you have enough coverage under your existing personal auto policy.

CALL YOUR CREDIT CARD COMPANY

Find out if it offers rental car coverage, and any restrictions and limitations.