

CAR RENTAL INSURANCE

It's not uncommon for rental car agencies to offer you the opportunity to purchase additional auto coverages on your rental, but do you need them? We have the answers!

Why Car Rental Insurance?

The best time to make the decision about whether you will need extra rental car insurance is before you're standing at the car rental counter.

Collision Damage Waiver (CDW), or Loss Damage Waiver (LDW), relieves you of financial responsibility if your rental car is damaged or stolen. If you have comprehensive and collision on your own car, you most likely do not need to purchase CDW from the rental car agency. Additionally, your credit card company may include some collision and theft protection if the rental car is paid for with your card. If your credit card doesn't offer coverage for loss of use, you may want to consider purchasing CDW from the rental agency.

Liability insurance provides excess liability coverage of up to \$1 million for the time you rent a car. Rental companies are required by law to provide the minimum level of liability insurance required by your state. If you have adequate liability coverage on your car or an umbrella policy on your home/auto, you may consider forgoing this additional insurance.

Auto Policy Options

If you don't have comprehensive and collision coverage on your own car, you will not be covered if your rental car is stolen or if it is damaged in an accident. Collision coverage pays for damage to the car you're driving if you crash into another car or object, or the car rolls over.

A non-owner auto liability insurance policy covers you for damage that you may cause to someone else's property and liability in the event of an accident. The policy will also provide medical payments coverage for you and your passengers, and under-insured and uninsured coverage. This pays for the cost of an accident involving a hit-and-run driver or a driver who has little or no insurance.

If you drive an older vehicle, but plan to rent a luxury vehicle, make sure that your policy will cover the complete cost of the replacement value of the vehicle you are renting.

An umbrella liability policy is also an option to meet the underlying auto insurance policy requirements when renting a vehicle.

Finally, if you are renting a vehicle that is not classified as a passenger car (such as a moving truck, 15-passenger van, etc.), you must purchase a separate policy from the rental company to be covered in that vehicle.

Renting Outside the U.S.?

In general, your U.S. auto insurance does not cover you abroad. Car rental agencies overseas usually provide auto insurance, but in some countries, the required coverage is minimal. When renting a car overseas, consider purchasing insurance coverage that is at least equivalent to that which you carry at home.

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