



When I rent a car, do I need to buy the insurance they are selling? Doesn't my policy cover a rental car?

The real answers to those questions are maybe, and partially. I'll give you some information here, but you should check with us when renting a car. There are a couple of large gaps in insurance for rentals that you need to be aware of.

When you say "am I covered?" we can break that down into two general areas- physical damage to the rental car, and liability protection for you.

Regarding liability protection, yes, most personal auto policies provide liability coverage while you are using "a temporary replacement or non-owned vehicle".

Physical damage to the rental car is a bit more complicated. If you have physical damage coverage on at least one of your own vehicles then most policies provide that same level of coverage for the rental car. However, auto policies do NOT provide coverage for loss of use while the rental car is being repaired, so you will personally have that exposure. Additionally, auto policies do not pay for any loss in value to a vehicle that has been wrecked or damaged, so you will have this exposure as well.

To avoid these uncovered exposures, you can 1) buy the Collision Damage Waiver (CDW) that the rental agency is selling or 2) charge the rental of the car on a Visa credit or debit card. Visa provides Collision Damage Waiver (the same thing you would buy from the rental company) for free. There are some small differences in the way a claim would be paid, but using the free Visa coverage can make sense.

You can get more details at the Visa website. Just do a Google search for Visa collision damage waiver, and go the benefits section of the website.

Two other quick points involving renting cars

- 1) Do not let anyone drive the rental car without FIRST declaring them to the rental car company. This is oversimplifying a bit, but you do not have the legal right to "loan" the rental car out, so you not only lose any coverage that you paid the rental car company for, but you leave your own company with an easy opportunity to decline responsibility for liability and/or physical damage coverage.
- 2) If you will be using a rental car for business, but want your personal auto insurance to provide coverage for you, do not rent the vehicle under a business name, and do not use a business credit card to pay for the rental. If you need to do either of the above you will need to have a business auto insurance policy to in place in order to have coverage.