

Do You Need Rental Car Insurance?

The cost of rental car insurance continues to increase each year. While you may feel compelled to decline this coverage from the rental car agency, make sure you consider the following points first.

If you have a personal auto policy in place, you may have liability and physical damage coverage that apply to the use of a rental vehicle. If you are relying upon a business auto policy to cover a rental vehicle, however, it is necessary to carry hired vehicle coverage (often denoted by symbol "8" on the policy's declaration page).

If your credit card company offers rental car coverage as part of its membership benefits, you also need to understand the specific terms of that coverage. Although most standard credit cards do not provide any protection, many of the preferred credit cards, such as "platinum" or "gold" cards, provide secondary rental car collision-damage coverage.

If you find you have insufficient coverage through these sources, you may want to consider purchasing additional insurance offered by the rental company. Insurance purchased through a rental car company provides the following important protections:

- Collision Damage Waiver (CDW). Sometimes called a Loss Damage Waiver (LDW), this coverage provides protection if your rental car is damaged or stolen.
- Liability Coverage. Rental companies are required by law to offer the minimum level of liability insurance required by your state; however, this may not be enough to cover the damages resulting from a serious accident.
- Loss of Use. If you are in an accident, the rental company may charge you for the amount of money and time it lost since the vehicle could not be rented to other customers. Most auto insurance policies do not cover this portion of a loss, though it may be provided as a part of the CDW or through credit card coverage.

Be sure you have all the facts regarding the coverage options for rental car insurance. Before your next trip, please give us a call. We can evaluate your situation to help make your decision easier.