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Renting Automobiles:

Am I covered? Should I Take the Insurance the Rental Company Offers?

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Renting a vehicle presents insurance coverage questions such as who is liable for what? The following is offered to help evaluate the exposures and what steps you may wish to consider when renting a vehicle.

When involved in an auto accident where **liability** (bodily injury or property damage to others is incurred), one would look to the following places for coverage:

Personal Rental: If the vehicle was rented with a personal credit card, you would look at your personal auto policy for protection. You will have limits you selected when purchasing your personal auto insurance.

Corporate Rental: If the vehicle was rented under a corporate card, one would look to their commercial auto policy's hired auto liability coverage for protection. Please remember that the Named Insured is the company and not you. If renting autos while using a corporate card, you would be wise to determine if your corporate auto insurance considers employees as insureds.

When involved in an accident that involves **physical damage** to the rented vehicle, look to the following places for coverage:

Personal Rental: Look at your personal auto policy for protection. Protection will be there assuming you have purchased **comprehensive and collision** coverage and the driver is listed on the rental agreement with the rental company (the owner).

Corporate Rental: Corporations may have "hired physical damage" coverage. If so the corporation would look to the commercial auto coverage just as an individual would look to their personal auto policy.



Unfortunately, neither the personal or corporate coverage provides the following in most cases:

- 1) **Loss of Use Charges.** While in shop the rental agency is not able to rent the vehicle therefore the rental company will charge for the lost profits.
- 2) **GAP Coverage.** Vehicle damaged will normally be a leased vehicle. The ACV (Blue Book) coverage the auto policy provides may not be enough to cover what is owed on the lease note and thus is called a "gap."
- 3) **Deductible.** The deductible will be applied and is the responsibility of the renter.

These three items listed above may be covered by the credit card company. It is recommended that you check with the credit card company for complete coverage details prior to renting a vehicle. To date, I have not found a credit card that covers these items.

If the credit card company can not provide protection, then coverage should be obtained from the rental company.

Important Points to Remember:

- 1) Call your Insurance Agent to discuss trips and coverages in force at time of rental.
- 2) Most US auto coverage is active only in the USA, its possessions and Canada.
- 3) Use the right credit card, corporate for business, personal or personal use. Remember the coverage trail starts with who rented the vehicle.
- 4) Rentals must be short term. Otherwise it is considered regular use of a vehicle and many coverages would no longer be provided by the auto insurance policy.
- 5) When renting, list all drivers! If not listed, then the driver is not using with permission of rental company (the owner) and coverage is therefore not in place from the personal or commercial policy.
- 6) Beware violating the rental company contract which will **eliminate any coverages provided.** (off road, DUI, drugs, outside state of hire, etc.)
- 7) Review the credit card company contract for any exclusions (age of driver, type of auto rented, etc.)
- 8) Consider use of taxis or private drivers.