

# Rental Car Coverage

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The warm weather is just around the corner, and for many of us, so is our summer vacation. Some of you will use your own vehicle and drive to your destination, while others will choose a rental vehicle for the trip, or take some other form of transportation to the destination and rent a vehicle for use while there. Whatever your situation, you need to be aware how coverage might extend to that rental car from your personal auto policy.

Car rental companies used to provide their own physical damage coverage with very large deductibles of \$2,500 up to \$5,000. They would make the renter responsible for that large deductible. If the renter had physical damage on at least one of his own cars, and was involved in an accident in the rental car, the renter would limit his responsibility to his own deductible, probably less than \$500. The personal auto policy would pay the amount up to the rental car company's deductible, then their rental car company's own insurance would pay the balance.

To save money, most rental car companies stopped buying physical damage coverage on their large fleets. The rental contracts changed to make the renter responsible for the total value of the auto, including other indirect costs, such as their administrative fees and loss of rental use of the auto. This amount could easily move into the tens of thousands of dollars.

Rental car companies like for you to take out their collision damage waiver insurance. You should be aware that most rental car rental companies' contracts for collision damage waiver will not pay if the renter violates any restrictions regarding the use of the rental car. Some of these restrictions might include use by an underage driver, failure to buckle up or engaging in risky behavior with the vehicle, such as racing or driving under the influence.

