As Summer Travel Season Begins, I.I.I. Offers Road Map to Help Consumers Navigate Car Rental Insurance Options

Car Shares, Hourly Rentals and Other New Options for Rented Rides

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NEW YORK, July 7, 2014 ? If you?re renting a car this summer, you have more choices than ever. What hasn?t changed is the importance of protecting yourself with the right type and amount of insurance, according to the Insurance Information Institute (I.I.I).

Long gone are the days of simply renting a car by the day or week from the closest established rental car company. Now you can rent a car by the hour, from almost any location, or even use a car-sharing service to rent someone else?s personal vehicle.

?When it comes to car rental insurance, the more things change, the more they stay the same,? points out Jeanne M. Salvatore, senior vice president and chief communications officer for the I.I.I. ?We have for years recommended consumers make two phone calls before renting a car. One to their insurance professional, and another to the credit card issuer whose card will be used to pay for the car rental. That advice is still spot on and remains the best way to make sure you are properly protected when you rent a car.?

In order to make the best decision regarding your coverage, make these two calls:

To Your Insurance Professional

- If you own a car, find out how much coverage you already have. In most cases, whatever insurance and deductibles provided by your auto policy would apply to a rental car, providing you are using the car for recreation, not business. However, if you have dropped either comprehensive or collision on your own car as a way to reduce costs, you will not be covered if your rental car is stolen or damaged in an accident.
- Check to see whether your insurance company pays for administrative fees, loss of use or towing charges. Some insurance companies may provide an insurance rider to cover some of these costs, which would make it less expensive than purchasing coverage through the rental car company. Keep in mind, however, that in most states diminished value (the reduction in a vehicle?s market value that occurs after a vehicle is damaged and then repaired), is not covered by insurers.

- If you do not own a car and are a frequent renter, ask about a non-owner liability policy. This would provide liability insurance when you either rent or borrow another person?s car.

To Your Credit Card Company

- Most credit card companies provide some level of insurance for rental cars?to find out the details of what is covered, call the toll-free number on the back of the credit card you will be using to rent the car and ask them to send you coverage information in writing. In most cases, credit card benefits are secondary to either your personal auto insurance policy or the insurance coverage offered by the rental car company.
- Insurance benefits differ widely by both the credit card company and/or the bank that issues the card, as well as by the level of credit card used. They generally do not provide personal liability coverage. Some credit card companies may provide coverage for towing, but may not provide for diminished value or administrative fees.

By law, rental companies must provide the state-required amount of liability insurance. Generally, these amounts are low and do not provide much protection.

The coverage you can get at the rental car counter is fairly standardized:

Loss Damage Waiver (LDW)

Also referred to as a collision damage waiver, an LDW is not technically an insurance product. LDWs relieve or ?waive? renters of financial responsibility if their rental car is damaged or stolen. In most cases, waivers also provide coverage for ?loss of use,? in the event the rental car company charges the renter for the time a damaged car cannot be used because it is being fixed. It may also cover towing and administrative fees. Waivers, however, may become void if the accident was caused by speeding, driving on unpaved roads or driving while intoxicated. If you already have comprehensive and collision coverage on your own car, you may be duplicating coverage you already have. This coverage generally costs between $9 and $19 a day.

Liability Insurance

If you have adequate amounts of liability protection on your own car, you may consider forgoing additional liability protection, which cost between $7 and $14 a day. An umbrella liability policy, however, may be more cost-effective. These policies, usually sold in increments of a million dollars, cost as little as $200 to $300 annually for $1 million worth of coverage.

Personal Accident Insurance

Personal Accident Insurance covers you and your passengers for medical and ambulance bills for injuries caused in a car crash. If you have health insurance or are covered by personal injury protection under your own car insurance, you may not need this additional coverage. It usually costs about $1 to $5 a day.

Personal Effects Coverage

Personal Effects Coverage provides insurance protection for the theft of items in your car. If you have a homeowners or renters insurance policy that includes off-premises theft coverage, you are generally already covered. This coverage costs between $1 and $4 a day.

Car sharing services and hourly car rental providers are not standardized when it comes to insurance coverage. Many services will include insurance coverage in the cost of the rental. Others may not. Some may also charge fees for damage to the car. Some may offer supplemental coverage. Read the insurance information on the company?s website and don?t be afraid to call the rental car company or the car sharing company as well as your insurance professional if you have any questions.

?Before renting a car of any type, make sure that you understand all of your insurance options in the event the car is stolen, damaged or you get in a crash with another driver,? points out Salvatore. ?It may take a little time and cost a little extra money, but it is certainly better than finding out too late that you are legally responsible for a car you don?t even own.?

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Video: Rental Car Insurance

Article: Do I Need Rental Car Insurance? that provides additional details.

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