

If You Have Questions About Car Rental Insurance This Thanksgiving Holiday, the I.I.I. Has the Answers

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New York Press Office: (212) 346-5500; media@iii.org

NEW YORK, November 22, 2010 — The number of Americans traveling for the Thanksgiving holiday this year will increase 11.4 percent from 2009, with approximately 42.2 million travelers taking a trip a least 50 miles away from home, according to the [American Automobile Association](#). As many of these travelers will be renting a car, it is important that they understand car rental insurance *before* they get to the rental car counter in order to avoid costly mistakes, according to the [Insurance Information Institute](#) (I.I.I.).

"Whether or not to buy rental car insurance or any other insurance product should not be a snap decision," said Jeanne M. Salvatore, senior vice president and consumer spokesperson for the I.I.I. "Faced with a number of choices, some renters either purchase all of the coverage or they decline the insurance without knowing if they are covered by other policies. This can result in either wasting money by purchasing unnecessary coverage or having gaps in coverage, making the driver dangerously uninsured."

Before renting a car, the I.I.I. suggests that you make two phone calls: the first to your insurance agent or company representative to establish what insurance coverage you already have through your auto and/or homeowners/renters policy; and the second to the credit card company you will be using to pay for the rental car, as they often offer some type of insurance benefits, but these can vary widely by company.

Rental car insurance offers four important coverages:

- 1. Loss Damage Waiver (LDW)** is also referred to as collision damage waiver, and is not technically an insurance product—it relieves or “waives” renters of financial responsibility if a 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 repaired. It may also cover towing and administrative fees. Loss damage waivers cost between \$9 and \$19 a day.
- 2. Liability Protection** provides financial protection from lawsuits in the event you are sued following an accident involving a rental car. While by law, rental companies must provide the state required amount of liability insurance, generally, these amounts are low and do not provide much protection. Furthermore, the company has the right to recoup any monies it pays out from the renter. You should probably only forgo the additional liability protection if you have adequate amounts of liability protection on your own car. If you decide you want the supplemental insurance, it will cost between \$7 and \$14 a day.
- 3. Personal Accident Insurance** will cover you and your passengers for medical and ambulance bills incurred by injuries in a car crash. If you have adequate health insurance or are covered by personal injury protection under your own car insurance, you may not need this additional insurance. It usually costs about \$1 to \$5 a day.
- 4. 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 covered for theft of your belongings away from home, minus the deductible. Personal effects coverage generally costs between \$1 and \$4 a day.

To help consumers better understand rental car insurance, the I.I.I. has created a podcast that outlines the coverages offered in most policies—[Rental Car Insurance: Tips on What You Need to Know at the Counter](#). The podcast is also available on [iTunes](#) (search for Insurance Information Institute). It can be downloaded onto a PDA or laptop so it can be referred to as often as necessary, including right at the rental car counter.

For a related video, go to [Understanding Rental Car Insurance](#). Reporters who would like a DVC Pro or Beta hard copy contact Susan Stolov at 202-638-3400 or SusanStolov@WashingtonIndependentProductions.com.

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Insurance Information Institute, 110 William Street, New York, NY 10038, (212) 346-5500

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