

When I Rent A Car, What Do I Need To Know?



Going on vacation this year? I hope you have a great time! If you rent a car you'll undoubtedly be faced with the question, "Does my auto policy cover the rental, or should I buy the rental company's insurance?"

Unfortunately, rental car coverage can be trickier than anybody would like it to be. What you decide to do depends on several things.

First, your auto policy most likely extends coverage to rented vehicles. **HOWEVER**, that will not always be true! It depends on where and how you use the rented vehicle. For example, if you're doing business while away, your personal auto policy may **NOT** cover you or the rented car. And, you may travel to a country or territory that's excluded by your policy. Plus, only coverage you've purchased for yourself extends to the rental car.

BEFORE you start your travels, give us a call and we can make sure you'll be protected in your rental.

Unfortunately, things still get a little more complicated ... Rental car companies have little tricks up their sleeves when you don't buy their insurance. And these tricks could stick you with hundreds of dollars of unexpected charges on your credit card if you wreck their car.

First, the rental car company receives income by renting their cars - obviously. If you wreck their car, they can't rent it to anybody else until it's fixed or replaced. In theory, they're losing money and they'll charge you for that "loss of use". And that makes sense. Business insurance commonly pays for such losses - when they're real. However, insurance companies don't pay for theories. They only pay for actual economic loss. The rental company has many cars sitting on its lots un-rented. It's not **ACTUALLY** losing money because the one car you wrecked is out of commission. So, your insurance company won't pay a "loss of use" charge. But that won't stop the rental car company from charging you for it! And it could be hundreds of dollars. However, you can add this coverage to certain personal auto policies. Give us a call if you are interested in this type of protection.

The second complication is administrative fees. These fees compensate the rental company for all the paperwork they must do to process the claim, to get the car fixed or replaced, etc. Again, your insurance company isn't going to pay that fee. It's not an insurance loss. It's the rental car company finding a way to get more money out of you. Such fees could be as high as \$250 ... or more!

So . should you buy the rental company insurance at the rental counter or not? First, call us before you leave to make sure of your personal situation. That's why we're here . to help you! Just give us at Groninger Insurance Agency, 1-800-722-3743.