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## **Insurance With Assurance**

### **Automobile Rental Insurance** *by Rick Janis*

#### **Do I need additional insurance coverage when renting a vehicle?**

Are you covered when you rent a vehicle while attending an ISC show, traveling to an association meeting or visiting a client?

The person at the car rental counter always tries to sell you the additional per diem liability and physical damage coverage on the rental vehicle. Is it worth it? Most people waive this coverage because they believe that when they use their credit card to pay for the vehicle, it will cover up to \$25,000 damage to the rental car.

Plus, they assume that their automobile insurance policy will cover not only their own vehicle but also any additional ones that they are either renting or borrowing.

Of course this is not entirely true since the insurance policy is actually a contract between you and the insurance company. That contract contains specific terms, conditions and exclusions.

Unfortunately, none of these coverages for liability and physical damage on the rental vehicle are automatically on your automobile policy. Unless your policy is properly endorsed, it will not provide the coverage that you might assume you have.

The automobile policy for your business provides liability (bodily injury and property damage) to others caused and arising from your negligent operation of the vehicle named in the policy. But you have to ask your insurance provider to include automatic coverage to extend to any vehicle you use and which your company does not own or which your company may rent. This additional coverage requires a specific coverage form to be triggered on the policy. The most frustrating part of this process is that there is no additional premium charge.

However, this does not provide coverage for the physical damage (Comprehensive and Collision) to a vehicle that your company does not own such as your own personal car, an employee's car or a rental, which are considered "non-owned vehicles."

Will your credit card provide coverage as most people assume?

While you can count on the Liability coverage on your business policy, you shouldn't be so cavalier in regards to the physical damage exposure. Car rental contracts put the alarm industry contracts to shame in terms of the terms and obligations to which you are liable. Rental car companies have insured that they will sustain no loss from any

physical damage to the vehicle and in fact, will hold you “hostage” for immediate reimbursement.

According to the contract you sign at the counter, the rental company does not allow for a reimbursement or a negotiation with your insurance company or a credit card company but demands immediate restitution. Too many people have found out too late that they cannot leave the counter without their total credit card limit being tapped for whatever amount of damage occurs.

And, the car rental company contractually obligates you for loss of use, (loss of profit and income) which can be considerable considering how much it is to rent the vehicle per week.

That’s why I strongly advise everyone who is renting a vehicle for less than 15 days to purchase the insurance directly from the rental car agency for direct physical loss to the vehicle.

In spite of the exorbitant rates they charge per day, given all the facts, it is still well worth the expense to purchase their insurance. If you purchase directly from the rental company, there is no deductible and they cannot tap into your credit card funds to cover the loss. With their insurance you can simply turn in the damaged vehicle and walk away.

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