

If I rent a car, do I need the extra insurance the rental car company offers?

You've probably been at the rental-car counter, listening to the representative ask if you want to purchase the company's insurance. And the thoughts start racing through your head. "Is this a rip-off? Doesn't my regular auto policy cover me? What about my credit card? Why didn't I figure this out before I left on my trip?"

Know Your Personal Auto Policy

Because insurance policies vary, it's a good idea to give your agent a call — *before* you rent a car — to make sure you have the coverage you need. In many instances, your personal auto policy will provide coverage for a rental car — but that coverage may have limitations. Of course, if you don't have a personal auto policy, you'll need to purchase coverage from the rental company.

And keep in mind that in the event of an accident, many rental companies will charge fees beyond repair costs. They may assess a loss-of-use fee for each day the car is unusable, as well as charge you because the value of the car has decreased. Not all insurance policies cover these fees.

Know Your Homeowners Or Renters Policy

If you're traveling with expensive electronics or other valuable items, you probably want to consider what coverage you'll have in the event they are stolen. Your personal auto policy and/or credit card coverage likely won't provide protection for this scenario.

Check Your Credit Card Protection

Most credit cards will also provide some coverage, but often payment is limited to reimbursement of your personal auto policy deductible (after that policy pays for repairs). Generally, loss-of-use and other fees are not covered, but it's important to check with your credit-card provider to determine their policies. And while some cards may offer additional protection for a fee, usually coverage is limited to damage to the car, not liability for any injuries to others. Remember, to receive any sort of benefit from your card, you must use that card to pay for your entire car rental.

Consider Any Unique Circumstances

Are you renting a car in a foreign country, or for more than a week? You'll definitely want to get confirmation of coverage from both your insurance carrier and credit card company because different rules might apply. Also, no matter where you are, vehicles such as trucks, RVs or exotic sports cars often aren't covered under standard agreements. And if you're using a car for business purposes, your personal coverage might not apply. Finally, if multiple people will be driving the car during your trip, make sure your coverages will apply to them.

Learn About The Insurance Offered By The Rental Car Company

According to the Insurance Information Institute, rental companies offer four main types of coverage.

1. A Loss Damage Waiver (LDW) relieves you of responsibility if your rental car is damaged or stolen. This may also provide coverage for loss of use.
2. Liability Protection provides protection from lawsuits if you are sued after an accident.
3. Personal Accident Insurance covers you and passengers for medical bills after an accident. You may not need this if you have adequate health and auto coverage.
4. Personal Effects Coverage protects you if items are stolen from your car. Generally you are covered for this under your home/renters policy, but keep in mind that the loss must exceed your deductible for you to receive payment. If you have a high deductible, it may make sense to purchase this coverage from the rental company.

When you go on vacation, you don't want to stress out about insurance. So give us a call before you leave. Then, when you head over to the rental-car counter, you can stop worrying about your coverage — and start enjoying your trip!