

6 Things To Know About Insurance When Renting a Car

1. **Your Location.** Your auto insurance will usually carry over to a rental vehicle if you are within the territorial limit of your policy. That limit usually includes all of the US, US Possessions and territories, Puerto Rico and Canada. Note that Mexico is not included nor is the rest of the world.
2. **Collision and Comprehensive Coverage.** Those are the coverages needed to pay for damage to the vehicle that you rent. You are still responsible for any deductible that you may have on either coverage. Also, there is usually a limit of \$50,000 on the value of any rented vehicle.
3. **Loss of Profit.** If a rented vehicle is undergoing repairs, the rental car company, of course, will not be able to earn a profit while the vehicle is out of service. You may be responsible for this loss of profit. If you are currently maintaining Rental Reimbursement coverage on your policy, that amount can be used, in most cases, to mitigate this payment to the rental car company.
4. **Diminished Value.** A vehicle that has been in an accident is not worth as much as a like vehicle that has never had such a loss. (Look to the popularity of CarFax, AutoCheck and NMVTIS services for checking if a vehicle has been in an accident.) Most all auto insurance policies do not pay for this diminished value. A rental car company can demand this difference from you even after your insurer has repaired the rental vehicle. You will be responsible for this value if you use your auto insurance to cover a rental vehicle. Usually, if you purchase Collision Damage Waiver (CDW) from the rental car company, this expense is also waived.
5. **Credit Cards.** Many credit cards, when used to rent a vehicle, will provide some coverage for the rental car. This coverage is typically in excess of any coverage under your auto insurance, however, it is good to check with the credit card company especially before renting a car. Sometimes, by paying extra to the credit card company, you can avoid an auto insurance claim and deductible.
6. **Convenience.** As a last resort, you may want to actually not use your auto insurance when renting a vehicle and purchase Collision Damage Waiver from the rental car company. While the rates can exceed \$13 per day (which amounts to an annual premium of close to \$5,000), damage to the vehicle is usually covered in full by the rental car company. If you are in an unfamiliar location, traveling for a very short time, or if you have to meet a deadline when returning the vehicle, this option may be your best choice.