

# Do You Really Need Car Rental Insurance?

## To buy or not to buy?

To assess your own status, here's a rundown of the steps you should consider:

•**Check your personal auto policy.** If you own a car, **talk to your insurance agent.** The same coverage and deductibles you carry on your car will apply — in most cases — to a vehicle you rent for pleasure. But be careful: If your policy provides skimpy coverage, you may need to compute the value of the loss or damage of a brand-new vehicle and decide if you need to supplement it. For example, many owners of older cars don't always carry comprehensive coverage for accidents, fire and theft.

•**Check your coverage by your charge card company.** This can be tricky because not only does coverage vary from card to card, but it can vary based on the bank or credit company that issued the card as well. And it's very important that you inquire about exclusions because some exotic or expensive vehicles — such as sports cars, SUVs, motor homes and motorcycles — may not be covered. And vehicles rented outside the U.S. may not be covered, either.

•**Check your company's corporate travel policy.** If you're on company business, full coverage is probably provided.

There are other factors that may influence you to buy insurance through a car rental company or travel insurance provider. These include driving under unfamiliar circumstances or driving in another country. Or you may want to avoid the hassles of dealing with repair bills and deductibles.

In addition, if you don't own a car or you rent cars often, you should ask your insurance agent about buying a non-owner liability policy. For a few hundred dollars a year, it can provide ample coverage for multiple rentals and may prove to be a better bargain than CDW.

## Options galore

If you've determined that your existing coverage is not fully adequate, you'll be faced with a variety of products to purchase.

Here are the four types of optional insurance offered by most major car rental firms:

- CDW (collision damage waiver) and LDW (loss damage waiver).** This relieves you of financial responsibility for a rental vehicle damaged by an accident, vandalism or theft.
- SLI (supplemental liability insurance).** This provides excess liability coverage up to \$1 million.
- PAI (personal accident insurance).** This covers you and all passengers in your vehicle for any medical expenses. It's not necessary for most renters already covered by personal health policies or travel policies.
- PEC (personal effects coverage).** This provides coverage for theft of or damage to personal items inside the rental car. Again, it replicates coverage already provided to many renters through their own insurance policies. Rental companies make these options even more confusing by combining two or more into insurance packages. Each product should be evaluated separately. First determine if you have a need for the service, and then verify if you are not already covered. Finally, of course, you have to comparison-shop the costs. Note that in some leisure hot-spots, the cost of taxes, fees, surcharges and optional insurance can easily exceed the daily base rate of the rental itself.

### **Help on the Web**

For further information, check out the car rental company's Web site to examine the insurance options. But be aware that most firms don't post prices on their sites; for that, you'll have to call the toll-free reservations line with the specifics of your rental.

Here are some other sites that could prove useful:

- [U.S. Public Interest Research Group](#) is a national advocacy office, with links to individual state PIRGs.
- [The Insurance Information Institute](#), a New York-based organization dedicated to "improving public understanding of insurance."
- Several state governments provide helpful advice via the Internet for consumers buying auto rental insurance.