



Rental Cars: Should you purchase Insurance?

With the numerous ministries your churches participate in, there may come a time when you have to rent a vehicle. When renting a vehicle, the car rental company may require the vehicle to be rented in the name of the driver, not the name of the church.

Before renting a vehicle, you should review your personal auto policy and also your credit card policy. Many auto policies cover car rental insurance and collision damage waivers. If you are not sure what your policy covers or have questions, talk with your insurance agent. The same coverage and deductibles you carry on your car will apply in most cases, to the vehicle you are renting

for the ministry. Be careful, your policy may provide inadequate coverage. Many owners of older cars don't always carry physical damage coverage for accidents, fire and theft.

Many credit card companies also cover the insurance and waivers, as well. This can vary from card to card and based on the bank or credit company that issued the card. It is very important to ask about exclusions because vehicles, such as sports cars, SUVs, motor homes and motorcycles, may not be covered. Vehicles rented outside the U.S. may not be covered either.

If your auto policy or credit card policy does not cover you, or cover you properly, you should purchase car rental insurance. Your local church may reimburse you for the vehicle rental and the associated insurance prior to engaging in any contracts.

Ask yourself this: you have an at-fault crash, the car is stolen, the car is damaged by severe weather, it gets vandalized, or you are hit by an uninsured driver, would you have the money to cover the value of the car? Is the value the replacement cost or book value of the car? Would you have the money to cover the vehicle loss of

use while it is out of service? What is the rental company asking for in the event of a loss? It is important to know what the rental agreement states, review it carefully.

Know what type of insurance you need when renting a vehicle. There are several types of insurance a rental company may offer, it is important for you to fully understand each option before accepting or declining coverage:

- Collision damage waiver/loss damage waivers. This relieves you of financial responsibility for a rental vehicle damaged by accident, vandalism or theft. The charges for this type of insurance range from \$10 to \$25 per day. This is a small price to pay when considering what you could be responsible for if something happens to the vehicle while under your responsibility.
- Collision damage waivers cover the repair of the rental car's physical damage and the daily loss of use charges while the vehicle is out of service. A collision damage waiver is not liability or medical coverage—it does not cover damage to property or injuries.

Here are some examples to further define the coverage:

- If you are driving a rental vehicle and you hit a deer, obviously the deer will not sue. However, the waiver will pay for the rental car damage and the daily loss of use charge while the vehicle is being repaired.
- If you are driving the rental vehicle and hit another car, your car and the other vehicle may be damaged, as well as potential for injury. A waiver will not pay for the property damage, personal injury or liability. Either your own auto insurance will cover property damage and liability or purchase the property damage and liability coverage from the rental car agency.

With the minimal amount charged for rental insurance, here is how you are protected:

Loss valuation—most rental agreements require the driver to reimburse the rental company for the full value of the vehicle. If you are relying on your auto policy for protection, it covers vehicles for their actual cash value. A rental company's idea of full value may be different from an insurance company's idea of actual cash value.

Loss payment—the rental agreement may require immediate reimbursement for damages and it is not uncommon for the rental company to immediately charge your credit card. This can potentially create significant debt for the driver.

Loss of use—you will most likely be responsible for the rental company's loss of rental income on the damaged vehicle until it is repaired or replaced.

Deductible—if you rely on your individual auto policy, you will have a deductible associated with the policy. Collision damage waivers do not carry a deductible. Your individual premium may also increase if found to be at fault with a rental vehicle.

Excluded vehicles—if you are renting a vehicle other than a private passenger vehicle, will your personal auto policy or credit card company cover a loss? Supplemental liability insurance—this provides excess liability coverage up to \$1,000,000 and normally costs between \$8 to \$10 per day.

Personal accident insurance—this covers you and all passengers in your vehicle for any medical expenses and costs between \$5 to \$8 per day.

Personal effects coverage—this provides coverage for theft or damage to personal items inside the rental car. This coverage usually costs between \$3 to \$5 per day.

The most important thing to do is plan ahead. Know your personal auto policy, know your credit card policy, and then make an informed decision. When you are standing at the rental counter and there is a line behind you, you may feel pressured to purchase coverage and you want to make an informed decision.

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