



Should I buy extra insurance when renting a car?

We've all been there, standing at the rental car counter wondering, "Do I really need to buy the Collision Damage Waiver (CDW) and Loss Damage Waiver (LDW) that the rental car agent offers?"

And the answer is ... well, maybe. It depends on your tolerance for risk, what is at stake if you're delayed in your travels because of an accident, and how you'll use the car.

When you sign a rental contract, the agreement is between you and the rental company. PEMCO isn't party to the agreement, meaning if something happens to the car, the rental company can demand payment from you on the spot without waiting for an insurance settlement. That can spell big trouble, for example, if you've been in a fender-bender on the way to the airport and need to catch a plane.

THE PROTECTION YOUR PEMCO POLICY GIVES YOU

As long as you're driving in the United States or Canada, PEMCO gives you the same protection on a rental car that you have on your own vehicle, provided:

- You are driving with the rental company's permission. That may not be as obvious as it seems. If a spouse or child who is listed on your PEMCO policy also will be driving, make sure they sign up as a driver on the rental agreement and pay the additional driver fee. Otherwise, that driver doesn't have the "permission" of the car's owner. Traveling with a friend who might share the driving? Even if they have the rental company's permission, your PEMCO policy can't provide coverage to anyone not listed on your policy.
- You're not renting the car for lengthy periods or certain business use. Your PEMCO policy automatically extends coverage for short-term rental use, generally 28 days or less. Since yours is a personal auto policy, coverage for business use may be limited by the type of vehicle and its use.
- Your policy includes the necessary coverages. In addition to the liability, underinsured motorist, and personal injury coverages you no doubt have, you'll want to make sure your policy also includes comprehensive and collision coverages. Many drivers with older cars drop those coverages to save money, making purchase of a CDW and LDW from the car rental agency very important.

THE PROTECTION YOUR PEMCO POLICY CAN'T GIVE YOU

Rental car companies make money only when their cars are rentable. If the car you've rented gets damaged in an accident, the rental car company can require you to reimburse it for money lost while the car is at the repair shop.

Rental car companies also can charge you administrative fees for handling an insurance claim, including expenses like a 200-mile towing bill. Your PEMCO policy can't cover those costs.



ABOUT THOSE CDWs AND LDWs ...

In a nutshell, the extra coverage you buy from rental car agencies fills in gaps that your own policy can't cover. "CDW" takes care of damage to the car (critical if you don't have collision or comprehensive coverage for your own car, if you have low limits, or you couldn't "front" the money, usually via credit card, to the rental company until the insurance settlement for damage to the car comes through). "LDW" pays the rental car company for loss of use of the car while it's being fixed.

Although the CDW may duplicate coverage you already have, you won't have to file collision and comprehensive claims under your PEMCO policy if you get in an accident. That means there's no PEMCO deductible to pay.

If you decide to buy the CDW and LDW, read the fine print. Like any insurance policy, they have restrictions. For example, the driver must be listed on the rental agreement (same as our "owner's permission" requirement) and coverage will be void if you violate terms of the agreement such as driving off-road, driving while intoxicated, or driving in geographically restricted areas (e.g., on Maui, some CDW/LDWs don't cover the shortcut drive to Hana; in Alaska, there may be no coverage for travel on roads without street lights).

WHAT ABOUT MOTORHOMES?

You might be surprised: Yes, your PEMCO Auto Policy's liability coverage automatically extends to motorhomes rented and driven with the owner's permission. Your homeowners policy would cover any personal property (bedding, pots and pans, etc.) that you take with you, subject to your deductible.

PEMCO can provide collision and comprehensive coverages for rented motorhomes through a special endorsement. The vehicle must have been manufactured as a motorhome and be no more than 35 feet long. If you're renting a vehicle over 30 feet (including trailers, etc.), the driver needs to have experience operating vehicles of that size. Costs range from about \$20 for trips up to seven days to \$52 for trips up to 28 days.

If you buy insurance from the rental agency, as with any agreement, you'll want to read the motorhome rental paperwork carefully. Motorhome rental agencies offer CDWs and LDWs, just like rental car agencies.

HOW ABOUT RENTING VEHICLES ABROAD?

Your PEMCO policy covers you only in the United States and Canada. The contract can't protect you when you drive anywhere else.

Travel experts agree that driving outside of North America comes with some big caveats. Not only are traffic laws unfamiliar, but countries other than those in Western Europe (and Australia and



New Zealand) may have very different views about what "insurance" means and the protection it offers you.

Our best advice: If you're thinking about driving overseas, talk with a seasoned travel agent, a major U.S. rental car agency that maintains an office in the country you're visiting, or the local U.S. Consulate in your destination country to ask about the risks and considerations of getting behind the wheel. You may decide you're better off to leave the driving to someone else.

WHAT ABOUT RENTAL CAR COVERAGE THROUGH MY CREDIT CARD?

Many high-end (gold and platinum) cards offer insurance when you use them to rent a car. Exactly what's covered can vary from card to card, so you'll want to check with the credit card company before you rely on the card for coverage. For example, some may not offer coverage when renting overseas. Many provide only secondary coverage to your own auto policy (requiring you to file a claim with your insurer before you can get any coverage from the card). And still others may offer collision coverage, but not liability coverage. There also may be restrictions on coverage for sport utility vehicles, luxury cars, or vans.