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AUTO INSURANCE

Don't Waiver

by [Mark Solheim](#)

You shop hard to rent a car for \$26 a day, and then the agent at the counter says you should nearly double that rate by taking the collision damage waiver (CDW) to protect your wallet if you bang up the car. You know your auto policy covers rental cars, and your credit card will pick up the deductible, so you turn down the extra insurance.

Did you do the right thing? Probably. But to remove any niggling doubts, check your auto policy and credit card benefits so you're sure about what's covered and what's not. In fact, make sure your card offers this perk. Some don't, as discussed later. Even if yours does, watch out for loopholes.

If you don't have collision and comprehensive coverage on your auto policy, there's nothing to carry over to the rental. In that case, credit card coverage would kick in to cover all damage to the car rented with the card. If you have your own coverage, the credit card just covers your deductible. But card coverage tends to have more exclusions than auto policies do. For example, some personal auto policies limit the length of coverage on rental cars, typically to 21 or 30 consecutive days. The protection offered when you charge a rental to a Visa or MasterCard ends at 15 days; for American Express, it's 30 days and for Discover, 31.

Your auto policy may exclude the rental of motor homes and big trucks. Card coverage is even more strict. Amex and MasterCard won't touch any vehicle with a suggested price over \$50,000. Discover covers any vehicle, but only up to \$25,000 in damages. Most cards also ignore a host of expensive sports cars. On its list of *verboden* vehicles, MasterCard even includes Corvettes and Mercedes-Benzes. Amex nixes most sports cars and all pickups. In other words, check carefully before you splurge on a rental car.

If you wreck a rental, in addition to the cost of repairs you could be liable for "lost income" -- the \$35 to \$50 a day in rental fees that the company loses while the vehicle is in the shop. Your auto policy may pay, say, \$20 of such fees, often with a ceiling of several hundred dollars. Visa and MasterCard coverage would pick up the balance, but Amex and Discover coverage would not. CDW coverage would pay these fees.

Credit cards usually pick up the tab if you crash a car overseas (your own auto insurance doesn't). But not everywhere. Visa doesn't extend coverage to Ireland, for example, but MasterCard does -- in most cases. Check with your card issuer before you turn down the CDW offer when renting abroad.

Rental companies provide liability insurance as part of the rental agreement, but usually at skimpy state minimums. Your auto policy would kick in for damages beyond the limit. Credit card protection doesn't include liability, and neither does CDW. So if you don't own a car and therefore have no auto coverage, consider beefing up the liability protection when you rent.

Not all credit cards offer rental-car insurance, either. You don't have it with Visa Classic, MasterCard Standard and Discover Classic. American Express makes student cardholders leave home without it. Some corporate cards leave you bare, too. MasterCard offers it to Gold and Platinum debit-card holders,

but Visa withholds it on debit cards.

Even with card coverage, some drivers figure the CDW is worth the cost. "When I rent for pleasure," says David Thompson of the Florida Association of Insurance Agents, "I tend to buy the CDW because I don't want the hassle of a claims process." Also, if you make a claim with your insurer, you'll have another accident on your record. The CDW covers damage without getting your insurer involved.

-- *Reporter: Alison Stevenson*

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