

Once again: Car rental coverage isn't mandatory

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Car rental insurance isn't required. Or is it?

If you're not sure, then you're one of many confused car renters — a confusion some car rental companies appear to be taking advantage of.

Consider what happened to Nancy Ferguson when she rented a car from Avis at the Indianapolis airport recently. When she tried to decline Avis' collision-damage waiver, noting that her credit card covered her, a representative told her that was "not allowed."

"He said if I didn't buy Avis' insurance, I could not get the car," says Ferguson, a pharmacist from Greenbrae, Calif.

Wrong. Avis' site describes its liability waivers as "optional." But the misunderstanding netted Avis an extra \$414, according to Ferguson.

Why is everyone so confused? Because, well, it's confusing.

States require car rental companies to carry insurance on their vehicles. But there's no corresponding law that says you have to purchase insurance, which technically isn't insurance, but an expensive and highly profitable collision-damage waiver (CDW) or loss-damage waiver (LDW) product sold by your car rental company. With the help of a few half-truths, a clever car rental agent can push you into buying pricey coverage.

Optional collision-damage waivers represent a "significant" source of income for car rental companies, although no one except the car rental companies knows how significant, according to car rental consultant Neil Abrams. Optional damage waivers are strongly encouraged by car rental companies, even



WHAT INSURANCE DO YOU NEED?

► **Domestic rentals:** Any car rental insurance requirements are in the state's laws, which are readily available online. For example, Florida statutes say that if you're renting a car for less than a year, the owner is the car rental company and is responsible for insurance. (It's in Chapter 324 of the Florida Statutes.) A car rental company may try to shift that responsibility to you, but there's no law that requires you to accept it.

► **International rentals:** If you're renting overseas, check the car rental company's website or call for information. Or you can check out Autoeurope.com, which lists detailed insurance requirements by country.

though customers may already be covered by auto insurance, a credit card or travel insurance. The policies can routinely double the cost of your rental.

While an overwhelming majority of rentals are free of misunderstandings, a "tiny percent" may end with a car rental company turning away a customer because of a paperwork problem.

"Yes, they can refuse to rent a car," Abrams says. "There is extreme liability and cost associated with vehicle damage, loss or worse. The rental of a vehicle is a privilege, not a right, but the operators do have the right to protect their assets, passengers and the general public."

That's exactly what happened to Cheryl Manzo when she rented from Economy Rent a Car in Orlando recently.

"When I arrived to pick up (my) rental Saturday morning, a representative told me I had to pay an additional \$73 for insurance," she remembers.

The reason? "I did not have my policy declaration page with me," she says.

Manzo, a teacher from Levittown, Pa., reluctantly paid for the coverage. When I asked her car rental company about her case, it

said it had a right to ask her for proof of insurance.

"The customer needs to understand that we are serving her with a \$20,000 vehicle," said Patricia

That's incorrect.

Sigler bought the additional insurance to avoid a confrontation, but she checked the Florida statutes to be sure. And why wouldn't she? Sigler is a lawyer. Thrifty promptly refunded the insurance supplement.

"This agent may have tricked and conned numerous other tourists," she says. The company "should be putting necessary and appropriate checks into place to ensure that their agents do not dishonestly line their pockets at the expense of others."

Lauren Luster, a spokeswoman for Hertz, which owns Thrifty, says Sigler is correct.

"We do not require that our customers have car insurance," she says. "We offer optional car rental protection which is available for purchase by customers, many of whom are often navigating unfamiliar places in an unfamiliar vehicle while on a business trip or vacation."

I checked with the other car rental companies, and that policy — that coverage is optional — is an industry standard in the United States.

By the way, I'll second the sentiment expressed by car rental companies. Insurance is a good idea; you should not drive a car without coverage — but it doesn't have to be the car rental company's coverage.

You can buy insurance through an online agency or a site like Insuremyrentalcar.com for about half the price of auto rental protection.

So where does that leave you? Car rental companies will sometimes say anything to persuade you to buy their coverage, including bending a few facts and withholding the car keys.

You need to be ready with ample documentation of coverage and a little knowledge of state insurance law. That's the only fix — you have to fight fallacy with facts.

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Grant, an Economy representative. "The least we can do is verify coverage."

Car rental agents don't force everyone to buy CDW. A young couple on the van ride back to the airport told Grant they didn't have to show proof of their insurance. Travelers I've spoken to felt they were singled out for being the most vulnerable-looking customers, particularly those with foreign passports.

Take Samantha Sigler, for example. She rented a car in Orlando from Thrifty recently after arriving from Ottawa. "When I arrived at the airport, an agent asked me if I was interested in obtaining additional insurance coverage for the car," Sigler says.

She said her Canadian insurance covered her. "The agent told me that it was mandatory for me to purchase Liability Insurance Supplement coverage pursuant to Florida state law, as there was no way that the state of Florida would cover the cost of an accident that could be over \$1 million," Sigler says.