



MASTER INSURANCE MECHANIC

STRATEGIES FOR MANAGING YOUR BUSINESS INSURANCE

*But what if I
use an
American
Express card
to rent?*

Car Rentals - Buy the insurance coverage at the counter?

Does my personal auto insurance cover rental?

You finally arrived at the airport to start your family vacation and now you are headed to the car rental counter. Besides the cars you have never heard of, the issue of insurance is sure to come up.

Do you want to purchase our coverage at \$\$ per day? This is further complicated by the fact that rental car companies sell several different types of coverage!

If I waive, am I covered?

As long as it is a private passenger vehicle, rented for personal use, then the probability of your personal auto policy responding to the accident is high.

I say probable as each policy is different. This is for liability, but what about physical damage?

You must have physical damage on your personal auto policy to respond to damage to a rental. Then you

have to pay the deductible on the spot.

The most important issue is loss of use. If you damage a rental car, they want the rental fee for that car, for every day it is in the shop being repaired. This could add up to sizeable numbers and is often NOT covered by personal auto policies. More than likely you are on the hook for this expense.

American Express Rentals

This one is a mine field. First of all it applies to *some* of their credit cards (they have over a dozen different cards) and not others.

If it does apply to your card, there is a stripped down version they automatically give card members. Not much coverage here. They do have an enhanced product available (better coverage, lower deductibles, loss of use payments) **but only if you choose it up front and pay a yearly fee.**

My recommendation – don't count on the AE automatic coverage here, unless you went out of your way and purchased this "enhanced" separate, annual fee coverage. Go to the internet and Google American Express Car Rental coverage to find this program.

Are the rules the same for business & personal?

Business Rentals

When you go on a business trip, I highly recommend you rent the vehicle in your personal name **AND** the business name. i.e. John Smith and XYZ Company, Inc.

This way you may be afforded the limits and coverage on the business auto policy for the company.

Some business auto policies have non owned physical damage, but almost never cover the loss of use exposure. You are on your own for loss of use expenses while the vehicle is being repaired.

Renting with the business name will almost always offer you more coverage. Most personal auto policies have a limit of \$100,000 to \$300,000 but a business auto policy starts at \$1,000,000 and sometimes has excess coverage as well (umbrella coverage).

Note: Even if the business does not own autos, your agent should have added an endorsement to your general liability called “hired & non owned auto” to protect the corporation for use of personal vehicles on company business.

Conclusion

Rental Insurance companies have adverse leverage on you when you damage one of their vehicles. I have heard stories where they charged the credit card you rented the vehicle with by the amount of the physical damage and loss of use costs.

You must understand they are a business and they don't want to lose money. They want you to prove you have coverage *and quickly*.

I have had clients ask me to fax or email proof of rental coverage to the rental counter to avoid confrontations.

Recommendation

This area is ripe with coverage gaps and even though it adds to your costs, I highly recommend you buy the coverage at the counter.

If you wrapped the car around a tree, wouldn't it be nice to hand them the keys and go? The other scenarios can quickly turn a business trip or a vacation into a nightmare.



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