

RENTAL CAR INSURANCE

“TO BUY OR NOT TO BUY, THAT IS A SERIOUS QUESTION!”

March is here and many people are thinking about packing their bags for a Spring Break trip somewhere away from the cold of Iowa. Of course if your family is flying somewhere, a rental car is probably part of your vacation plan. Every spring our office receives several calls concerning this very question, “Do I need to buy the extra insurance sold by the rental car agency?” Well my advice **is** to purchase the Collision Damage Waiver, (the cost is \$20—\$30 per day) My reasons are as follows:

While your automobile policy will provide you with the same coverage on the rental car as you have on your owned vehicle that is listed on your policy, there are 3 gaps in the personal auto policy that are created when renting a car and a couple of non-insurance things to consider:

The Three Big Gaps

Claim Administration Fee - This is a fee that is charged by the rental car agency to you, the renter, for the rental car agency to file a claim. This fee can run between \$200 and \$300. **NO COVERAGE FOR THIS**

Loss of Rental Income - The rental car agency will claim a loss in income because their car is not in a condition to be rented. You will be charged for this and good luck fighting them. **NO COVERAGE FOR THIS**

Diminution of Value - The rental car agency may claim that the car is now damaged and the resell value is less because of it. **NO COVERAGE FOR THIS**

Four Non-Insurance Considerations

No Worries - When I return from vacation the last thing I want to is fight some rental car agency about my car being hit. I only want to remember the fun, not the miserable claim settlement with some rental agency five states away.

Your Credit Card - When a car is returned damaged the rental car agency will charge your credit card for the estimated total of damages. This could max out your credit card limit leaving you with no money to get home and possibly hinder you for months after you get home.

Do Not Rely on Your Credit Card Company -The protection offered by your credit card company could be “Excess Coverage”. In other words, your personal auto policy must pay first and then the credit card company MAY step in and pay extra costs. This is risky and it **ALL DEPENDS** upon your credit card company.

Before you choose this option, you should call your credit card company prior to every rental, as the policy may change and you not be aware of it.

No Claim Reporting:

If you have purchased the Collision Damage Waiver policy from the rental car agency and you have a claim that is not reported to the police, there is a very good chance this claim will never show up on any insurance claim database. This could save you some money down the road.

My personal experience with rental cars is not pleasant. I have returned them damaged, more often than not. I have always been on the receiving end of a hit and run in a parking lot. Doors have been dinged or scratched. One time, the person checking the car in upon return caught some damage that the person checking the car out missed. I was accused of damaging the car, when in fact, it was damaged by a prior user and blamed on me because the check out person missed the damage.

I have handled all these situations by purchasing the Collision Damage Waiver and giving the return attendant my keys and telling them to have a nice day.

MY ADVICE IS TO SPEND THE EXTRA MONEY AND BE WORRY FREE!

Watch Out For Water Damage

Initial signs of water damage might seem a bit trivial. Unfortunately, things like water stains on ceilings or small leaks under the sink can mean you might have bigger problems. Why take chances? Learn where your home is most likely to suffer damage and what steps you can take to prevent it.

One of the first places to check is the Kitchen Appliances.

- Dishwasher - Every so often you should be checking for leaks where the hose connects to the water supply. Look around the base for evidence of leaks such as discolored, warped or soft flooring, or water damage to other wooden areas around it.
- Refrigerator - One of the biggest trouble spots on your refrigerator is the ice maker. Once again, make sure the hose is securely connected to the water line. Also any wet spots on the floor around it are often a sure sign of some type of line leak or backup. Check on these immediately.

The next area to watch is the Bathroom.

- Showers and bathtubs take a lot of abuse and daily use. Be sure to replace any cracked or missing grout and keep all the seams caulked to stop any water leakage from this area.

Finally the last area is your Laundry or Utility Room.

- Washing machines are notorious for having hoses bust when you least expect it. With this in mind, be sure to regularly check your hoses for cracks, bulges or leaks. Most experts suggest replacing hoses every 3 to 5 years as a preventive measure.
- Water heaters are another source of surprise water damage. Most last 8 to 14 years. Wet spots underneath the heater can spell trouble. You should always install your water heater on the lowest level of your home, near a drain or at the very least a drain pan.

Consumer Tip: Make sure everyone in your household knows where the water shut off valve is and how to close it in an emergency!