

# Rental Vehicles -

## Frequently asked questions about renting a car for work or pleasure



Before renting a vehicle for work, pleasure, or other reasons, consider these coverages provisions and limitations on your auto insurance policy.

### Q: Does my personal auto insurance transfer to a rental car?

**A:** Yes. Liability and physical damage coverage will transfer with certain provisions and limitations.

#### Provisions

- If you are renting a vehicle in the coverage territory (U.S., its territories and possessions, Puerto Rico, or Canada). There is no coverage outside of this territory.
- If you currently have Comprehensive and Collision on your personal auto policy the property damage coverage will transfer.
- If all persons operating the rental car are listed on your personal auto policy.
- If the rental vehicle is considered a private passenger auto. Coverage may not transfer to commercial vehicles.

#### Limitations

- If the rental vehicle is totalled, your insurance company will treat it as if it is your vehicle and pay only the Actual Cash Value (ACV). However, the rental company will expect you to replace the totalled vehicle and will hold you responsible for the difference.
- If the rental car has some damage and needs to be repaired, it could take weeks for these repairs to be completed. The rental company will expect you to reimburse them for their income lost while the vehicle is being repaired. Your auto policy may not cover "loss of use" and you will be responsible for these charges.
- Once the vehicle has been repaired, the rental company may argue that the vehicle is worth less now because it has been in an accident. This is called "diminished value". Since your auto policy only pays ACV, you may be responsible for any additional charges related to a change in the value of the vehicle.

### Q: What should I consider before I sign a rental agreement?

- A:**
- Renting the vehicle in your personal name vs. business name is important.  
This may affect whether your personal or business auto coverage will transfer to the rental vehicle. Some rental agencies will not rent a vehicle to a business, only to an individual. Discuss this with the rental agency prior to your trip.
  - Your credit card company may provide coverage for a rental vehicle. Prior to renting, refer to their benefits and limitations.
  - Before taking possession of the rental vehicle, be sure to thoroughly inspect it, checking for any pre-existing damage and pointing it out to the rental agency.
  - Even though you are a good driver, some things are out of your control, such as:
    - Hit and run
    - Vandalism
    - Theft
    - Hail and other weather conditions
    - Not-at-fault accidents
  - Regardless of fault, the rental company will expect that the damage, replacement, or loss of income of their vehicle will be covered by you.

### Q: How do I avoid coverage gaps?

**A:** Purchase physical damage insurance offered by the rental company so that if anything happens to the rental vehicle you can simply return the keys and walk away.

Disclaimer: This guide is based on frequently asked questions and does not replace policy language in any way.

Our goal is to give you peace of mind knowing that the things that are important to you are protected at every stage in your life. We are here to assist you with your automobile insurance policy. Contact us today at info@fifs.com or 267.384.5300.