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## **Rental Car Coverage**

When renting a car, you are inevitably faced with the question, “Should I buy the Damage Waiver insurance when I rent a car, or does my personal automobile policy cover it? The answer is “yes” or “maybe.” A typical Rental Car agreement states that:

*“Providing the car is used as permitted by the terms and conditions of the agreement, the renter is responsible for **any and all loss or damage** to the car resulting from **any** cause whatsoever. Further, your responsibility will not exceed the full value of the car at the time it is lost or damaged, less its salvage value, plus actual towing, storage and impound fees and a reasonable charge for loss of use. And, if, at the beginning of the rental, you accept the optional Loss Damage Waiver, the Rental Car Company will not hold you responsible for loss of or damage to the car.”*

The broad responsibilities you are agreeing to are not all covered by your own insurance. For example, you are responsible for any and all loss resulting from any cause whatsoever. This includes collision and accidental damage to the car, engine damage, mechanical defects, fire, overheating, oil seal leaks, etc. You are also responsible for the full value of the rental car, including “loss of use,” or the reasonable rental income the car would earn if not damaged. As a renter, you are exposed to vast liability, not covered by your personal insurance policy.

However, the Loss Damage Waiver has major **loopholes** you should be aware of. Most rental companies have a Loss Damage Waiver “Null and Void” policy, rendering you responsible for the full amount of damage if you or any additional driver violates the terms of the rental agreement. This includes subjective terms such as “abusing the car,” “driving recklessly or while under the influence of alcohol or drugs” and “operating off paved roads.”

So, if you or any driver violates any of the conditions of the lease, the damage waiver you’ve paid for is null and void. It is reasonably easy to violate these damage waiver provisions, leaving you with huge liabilities. For instance, what does the term “driving recklessly” mean? Is one drink considered “under the influence”? If the valet damages the car, or if we drive on a dirt road, we have violated the terms and a condition of the agreement and our Loss Damage Waiver becomes null and void.

We recommend that you always buy the Damage Waiver Provisions and attempt not to violate its conditions. We think the liability without it is too great despite the excess cost of the damage waiver and its loopholes.

This is especially true for truck rentals. Few personal insurance policies cover commercial rental vehicles. We recommend reviewing the insurance provisions of a truck lease carefully, as the smaller rental companies do not provide adequate, or in most cases any insurance for the renter. **Never rent a truck personally unless you are satisfied that the rental company is providing insurance.**