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RENTAL CAR INSURANCE TIPS FOR JULY 4TH TRAVELERS
Assess Your Coverage Needs Before Arriving at the Rental Counter

ALBANY, N.Y., July 1, 2010—Motorists renting a car for a long holiday weekend road trip often don't start thinking about rental car insurance until they get to the counter, which can result in costly mistakes, according to the New York Insurance Association, Inc. (NYIA).

“Faced with a number of choices, renters often either purchase all of the coverage or decline the insurance without knowing if they are covered by other policies. This can result in either wasting money by purchasing unnecessary coverage or having gaps in coverage, making the driver dangerously uninsured,” Ellen Melchionni, president of NYIA said. “Whether or not to buy rental car insurance or any other insurance product should not be a snap decision.”

Many car rental companies now impose various fees after an accident that an individual may not be aware of, but will be held responsible for, including: towing, storage, impound fees, loss of use, diminished value and administrative services.

“Administrative and diminished value fees vary widely, costing anywhere from several hundred to several thousand dollars if you are involved in an auto accident,” Melchionni said.

Before renting a car, NYIA suggests that a person contact their insurance agent or company representative to find out how much coverage they currently have on their own car. In most cases whatever coverage and deductibles an individual has on their own car would apply when they rent a car, providing the car is being used for recreation and not for business.

Individuals should also check to see whether their insurance company pays for administrative fees, loss of use or towing charges. Some companies may provide an insurance rider to cover some of these costs, which would make it less expensive than purchasing coverage through the rental car company. However, people should keep in mind that in most states diminished value is not covered by insurers.

Rental car insurance offers four important coverages:

1. **Loss damage waiver (LDW)**, also referred to as a collision damage waiver, is not technically an insurance product, but it relieves or “waives” renters of financial responsibility if a rental car is damaged or stolen. In most cases, waivers also provide coverage for “loss of use,” in the event the rental car company charges the renter for the time a damaged car cannot be used because it is being repaired. It may also cover towing and administrative fees. Loss damage waivers cost between \$9 and \$19 a day.

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2. **Liability protection** provides financial protection from lawsuits in the event the renter is sued following an accident involving a rental car. Rental companies must provide the state law required amount of liability insurance, but generally these amounts are low and do not provide much protection. Furthermore, the company has the right to recoup any money it pays out from the renter. A person should probably only forgo the additional liability protection if the individual has adequate amounts of liability protection on their own car. Liability protection costs between \$7 and \$14 a day.
3. **Personal accident insurance** will cover the renter and the other passengers in the rental car for medical and ambulance bills incurred by injuries in a car crash. This additional insurance may not be needed if the individual has adequate health insurance or is covered by personal injury protection under their own car insurance. It usually costs about \$1 to \$5 a day.
4. **Personal effects coverage** provides insurance protection for the theft of items in the rental car. If the person renting the car has a homeowners policy (or renters insurance policy for their apartment) that includes off-premises theft coverage, theft of the person's belongings away from home, minus the deductible, is generally covered. Personal effects coverage generally costs between \$1 and \$4 a day.

The New York Insurance Association (NYIA[®]) is a state trade association that has represented the property and casualty insurance industry for over 125 years. For more information on NYIA, visit www.nyia.org.