

Understanding Your Auto Insurance Policy's Rental Car Coverage

When your car gets damaged in an accident or stolen, the repair or recovery cost is only part of the story.

Without another vehicle available, your only recourse may be to rent one. The good news is that your policy may already include coverage to defray the cost of a rental.

Rental reimbursement coverage only pays the cost of a rental vehicle while repairs are made to your car due to a covered loss. Examples of covered losses typically overlap with accidents that fall under your collision or comprehensive coverage, such as:

- Collision with another vehicle
- Crashing into a stationary object
- Hitting deer or other wildlife on the road

The standard personal auto policy includes a coverage called "transportation expenses." If you have purchased collision coverage on your car and that car is damaged in a collision, this coverage will pay for "temporary transportation expenses."

The same applies if you have purchased comprehensive coverage. If the car is damaged by something other than a collision, the policy will cover these expenses.

Depending on your policy, the daily reimbursement rate may vary. The typical policy pays up to \$30 per day for a standard or compact car, up to a maximum of \$900 (30 days). This coverage applies to a vehicle to which you do not ordinarily have access, such as a friend's car or a rental.

You have the right to choose any rental car service, but you can save yourself paying out of pocket and being reimbursed by your insurer by renting the car from a rental chain with which your insurer has a contract.

If you choose an affiliate partner through your insurer, the rental car company can directly bill the insurer.

Rental car reimbursement costs between \$2 and \$4 a month depending on the insurer and state.

How it works

There is no deductible for rental reimbursement. Instead, your car insurance company typically has two parameters for reimbursing your temporary rental: a daily limit and a per-claim limit. For example, some of the major insurers offer a package that reimburses you for up to \$30 per day and up to \$900 per accident.

If you happen to live in a city where the cost of renting a car is more affordable, say \$20 per day, then your rental reimbursement insurance can subsidize the cost of your rental for up to 45 days.

Car rental fees can quickly add up and with delays in repairs these days, you cannot predict how long repairs will take. If you don't have this valuable coverage you could quickly be out of pocket for hundreds of dollars in rental fees, if not more.

Paying a few dollars each month for it could protect against a potential future spike in costs.

NOTE: Not all auto insurance policies are the same. Some may pay more than \$30 per day for rental costs, but they will pay only if the insured vehicle is stolen or your car is being repaired after an accident. Others cover theft only and pay less than \$20. Check with us to find out what coverage you have. If it's not what you would like, ask the agent if you can purchase additional coverage.

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