

Protecting Wisconsin Consumers for 75 Years

Car rentals & collision damage waivers

Will you be renting a car during your next vacation or business trip?

The nature of rental-car liability insurance coverage has confused consumers for many years.

In Wisconsin, rental companies must provide written notice informing customers of their rights and potential liability (Wis. Adm. Code, ch. ATCP 118). Many people already have collision coverage under their own insurance carrier or may have coverage when using a credit card to pay for the rental car charges. The coverage, called a collision damage waiver, purchased from the rental car company might duplicate existing coverage and add a cost per day to your rental fee.

A collision damage waiver is not insurance coverage. It is a guarantee you buy from the car rental company that it will pay for damages to your rented car. By declining the waiver, you accept responsibility for damages to your rented car which could include significant out-of-pocket costs upfront.

If you are not covered through your personal auto insurance or a credit card company, you may be

liable for the damages to or the cost of the car. The collision damage waiver will not pay for bodily injuries or damages to your personal property. A rental car company may also offer coverage, at an additional charge, for personal injury or damage to personal property. Again, this may be a duplication of coverage already available under your personal auto insurance coverage.

If an accident occurs, the rental agency must offer two estimates from repair shops regarding any damage claim. Wisconsin law gives renters the right to inspect the unrepaired car within two days after an accident. In addition, the total liability for any damage to a rental car is limited to the reasonable repair costs or fair market value of the car – whichever is less. The actual towing charges and up to two days of storage costs can also be included. Remember that these laws apply only in Wisconsin.

Protect yourself

Before renting a car in any state, you should take the following steps:

- **Review your auto policy.**

The insurance that covers your car is your first line of protection

to cover your rental vehicle. Check with your agent and find out if your policy provides basic liability coverage for damage that you might cause to your rental car, other people, cars or property. To protect a rental car, your personal policy must have collision and comprehensive coverage. Your agent should be able to tell you if or how your coverage extends to rental cars.

- Does it include coverage for business travel? This could be a potential problem. If your personal policy does not cover this, would your employer's insurance cover you if you are traveling on their behalf. Also be sure to check the rules if part of your travels are business-related and part of the trip will be spent on vacation.
- Auto policies may not cover rental agency fees such as administrative fees, towing, loss of use of the vehicle while it is being repaired and diminished value. If your policy does not cover the rental car to its "full value" you may want to ask your agent about gap insurance.

- If you don't own a car and therefore don't have an auto

insurance policy, you can and maybe should consider buying a temporary or annual “named non-owner auto policy” from an insurance company. It should be reasonable price.

- **Check you credit card.** What coverage is available when using your credit card? What are the terms you must comply with? You may be required to comply with all of their terms in order to claim coverage. Credit card coverage could be secondary to your auto policy picking up some of the coverages your auto policy does not. Go over all coverages with your credit card customer service representative.
- Some vehicles might not be covered. This could include some pickup trucks, SUVs, pricey or exotic cars. So before deciding to splurge on something exotic, be sure it is covered.
- Request a printed copy of the coverages. The coverage may only apply if you use that credit card to pay for the rental car and/or decline the rental agency’s loss damage waiver.
- If a collision damage waiver is offered, what is the cost? Are there any discounts offered if you purchase the collision damage waiver? You may be hesitant to purchase this coverage, but it may be necessary if you have liability-only coverage or your policy lacks coverage for theft, fire or accidents caused by other people (like the valet). Another consideration is the deductible that your insurance carrier

charges for each claim. Some deductibles are as high as \$1000 so it may be cheaper for you to pay for the rental insurance since it may be less than paying your deductible.

- **Be sure to read the rental agreement.** Fine the sections that disclose your responsibility under state law if there’s an accident and details about the rental agency’s waiver. Check the waiver for authorized driver’s, damage from driving on unpaved roads, driving while intoxicated or drag racing. Be sure to take the waiver if you are traveling in a foreign country, for example, Mexico or Canada, since your personal auto insurance may not be valid outside of the United States.

Regardless of what type of coverage you have – insurance, credit card or collision damage waiver – carefully consider all the terms of the policy. For instance, there is usually no coverage if the damage occurs outside the United States or Canada or if an unauthorized driver was in control when the accident occurred.

Bring proof of insurance coverage card with you to the rental agency. If you are using your credit card, go to the card’s website and print out the coverage terms. If you do not have this information, the rental car agency may insist you take the coverage.

Be prepared

Besides contacting your insurance agent or credit card carrier for insurance coverage questions, there are some other

things you can do to be prepared and save a few dollars.

- Shop early. Compare rates at rental car websites. The airline may offer a fly-and-drive discount. Check club member discounts on extras such as GPS navigation or waiving the second driver fee.
- Examine the car in a brightly lit area before leaving the lot. Be very nitpicky about any dents or scratches. Take photos.
- Check any penalties for cancellation, late or early returns or returning the car to a different site.
- Check out costs for extras. Rental car companies charge for everything – satellite radio, GPS system, transponder for toll plazas, child safety seats, and second drivers.

Notice of charges related to nonmoving traffic violations

What happens if you get a parking ticket while using your rental car? Wisconsin law also requires rental car companies to give notice to a prospective renter if they will be charging a renter’s credit card for forfeitures, costs, towing or storage charges incurred, but not paid, by the renter related to nonmoving traffic violations involving the rental car – such as a parking ticket.

For more information

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

Bureau of Consumer Protection

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