



HHC Newsletter

Hibbs-Hallmark & Company wants to educate you on the different types of protection available to you. In this article you will learn about rental car coverage. Keep reading to find out more.

Ever Rent a Car? This is a Must Read!



Should I purchase the Loss Damage Waiver offered by the rental agent when I rent a vehicle?

Are Loss Damage Waiver (LDW) fees worth the additional cost? The answer may depend on your tolerance for risk and inconvenience. You must decide if the extra cost is reasonable, considering the potential for an uninsured loss should something happen to the vehicle during the term of the rental contract, and the resulting inconvenience of dealing with the rental company and your insurance company to satisfy the rental company's demands.

First, you should know that the LDW is not actually an insurance policy. It is a waiver of the rental company's requirement in the rental contract that you bring the vehicle back in the same condition as when it left their lot. Most rental contracts make you responsible for any damage to the vehicle, including theft and weather-related damage. When you purchase the LDW, the rental company is removing that provision from the contract on a conditional basis.

If you don't purchase the LDW and the vehicle is damaged, here are some of the costs for which you could be held responsible under the rental contract:

1. Cost to repair damage to the vehicle, or the full value of the vehicle if it is a total loss
2. "Diminished value" of the vehicle - the difference between what the vehicle was worth before the accident and what it is worth after repairs have been made
3. "Loss of use" - the amount of money the rental company loses on rental fees while the vehicle is out of service for repair or replacement
4. Administrative or loss-related expenses incurred by the rental company, such as fees for towing, appraisal, and claims adjustment, plus general office expenses for handling the paperwork

Whether all or any of these costs are covered by your personal auto policy depends on several factors. Since insurance companies sell different policies in Texas the coverage and exclusions may not be the same from one company to the next. You should check with your agent because the differences can be significant.

When you have purchased the LDW, you can bring a damaged vehicle back to the rental company and walk away. When you haven't purchased the LDW, you may have to spend a significant amount of time dealing with the rental company and your insurance company.



In Summary, your best bet may be to buy the Loss Damage Waiver from the rental company. Peace of mind does have value.

Please contact your Hibbs-Hallmark & Company account representative for more information about rental car coverage.

Sincerely,

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