

# THE HHC HERALD

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## Car Rental Considerations

Every car rental transaction includes an offer to purchase a Loss Damage Waiver (LDW).

### Are 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.

When you have purchased the LDW, you can return a damaged vehicle to the car rental company and walk away. Without the LDW, you may have to spend a significant amount of time dealing with the rental agency and your insurance company.

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



### Potential Costs without the Loss Damage Waiver

- Cost to repair damage to the vehicle, or the full value of the vehicle in the event of a total loss
- "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.
- "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.
- 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 fees are covered by your personal auto policy depends on several factors. Coverage exclusions in Texas may not be the same from one company or policy to the next. You should always check with your agent because the differences can be significant.

For more information:

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