

# THE TOP 6 REASONS TO PURCHASE RENTAL CAR COVERAGE FROM THE RENTAL COMPANY

- 1. Loss Valuation:** The Personal Automobile Policy (PAP) covers the lesser of the “actual cash value” of the vehicle or the amount “necessary to repair or replace the damaged vehicle. The rental agreement may obligate you to reimburse the rental company for the “full value” of the vehicle. The PAP also does not pay for any “betterment” (increased value of new parts replacing old ones) of the vehicle, nor any “diminution” of value ( if market value of the vehicle after repairs is less than that before the accident.
- 2. Loss Settlement:** The PAP policy states that the insurance company has the right to “inspect and appraise the damaged property before its repair or disposal”. However, the rental company may choose to make the repairs immediately, potentially resulting in a lack of PAP coverage because of failure to comply.

3. **Indirect Losses:** You will most likely be responsible for the rental company's loss of rental income on the damaged unit. Your PAP may have limited coverage for these charges.
4. **Administrative Expenses:** The rental contract may make the insured liable for various "administrative" or loss - related expenses such as tow (e.g., one insured was charged for a 230-mile tow), appraisal, claims adjustment, storage, etc. Some of these expenses may not be covered by the PAP
5. **Conditions and Exclusion:** All conditions and exclusions of your PAP will apply to the rental vehicle including, any driver exclusions, territory definitions, or excluded vehicle types.
6. **Additional and/or Future Costs:** The deductible for comprehensive or collision that is included in the PAP will apply to the rental vehicle also. In addition, payment for damage to a rental car may result in a significant premium increase (if not non-renewal) via surcharges or loss of credits the same way it would if you had a loss with your regular use vehicle.