

# Renting a Car

## Do you need the loss-damage waiver?

If you are planning to rent a car for business or pleasure, carefully consider whether you'll need to buy a loss-damage waiver from the rental car company before you make your reservation. At \$9 to \$21 a day, the waiver could double your total bill and duplicate existing coverage that may already be available through your auto policy or some premium credit cards.

A loss-damage waiver, sometimes called a collision-damage waiver, covers physical damage to the rental car caused by a collision or a comprehensive loss, such as fire, theft or vandalism. The waiver also covers several incidental fees a rental car company may charge if your rental vehicle is damaged:

- loss-of-use (charged for days the vehicle is out of service for repairs);
- diminution-in-value (assessed when the resale value is reduced because of damage); and
- administrative (charged for processing the claim on a damaged vehicle).

### Do you need the waiver?

According to Michael Kueber, senior attorney, USAA Property & Casualty General Counsel, "You probably don't need the waiver if you have collision and comprehensive coverage under your auto policy and you rent your vehicle through the USAA Rental Car Program. But you probably do need the waiver if you don't have collision and comprehensive coverages under your auto policy. In fact, many rental car companies require that renters purchase the waiver if they don't own an auto policy. If you have collision and comprehensive coverages under your auto policy but don't rent through the USAA Rental Car Program, you should consider purchasing the waiver if you are concerned about the risk of having to pay the rental car company's incidental fees."

### Auto policy coverage

When you rent a car, your auto policy will generally extend to your rental car, subject to any deductibles and policy provisions. Your auto insurance can be either primary or secondary to the rental company's coverage, depending on the state

where you live. Your liability coverage will protect you against claims if you injure someone or damage someone else's property. Damage to the rental car, in most states, is provided through your policy's collision and comprehensive coverages.

### Rentals for business

"If you rent a vehicle for business purposes," says Kueber, "your USAA auto policy usually extends physical damage and liability coverages if the vehicle you are renting is a car, but that coverage may not extend to different types of rented vehicles such as trucks and vans, depending on the state."

Whether you are renting a vehicle for business or pleasure, read your auto policy carefully to determine exactly how much coverage it provides and what types of damage are covered.

### Credit card coverage

For losses not covered by your auto policy, some premium credit cards, including USAA's Platinum or Gold MasterCard and Visa credit cards, automatically provide supplemental coverage. In the event of a crash, this coverage may pay the deductible and some other costs, such as valid loss-of-use fees.

To be eligible, you must charge the rental to your credit card and decline the loss-damage waiver. Coverage is usually secondary when you rent a car in the United States and its territories and primary in most other locations, or if you don't have a personal auto policy. Most card issuers cover rentals up to 15 days, although some cards extend coverage for up to 31 days. Read your cardholder benefits guide for complete details on contract limitations, benefits, exclusions and the procedure for making a claim. ■

### For members only

When renting a car in the contiguous United States through USAA's alliance with Avis and Hertz, you receive a damage waiver that automatically limits your liability to \$3,000 through Avis or \$5,000 for Hertz rentals. The rental car companies also agree to waive incidental fees. For more information on the USAA Rental Car Program, see page 44.

## Editor's Corner:

For The Week of October 10 - October 17

### ***The Most Important Insurance to Consider: Part Three - Rental Car Coverage?***

Now, do not take from this title that Rental Car Coverage is the most important type of coverage for you to consider. Frankly, only you and competent professional advice will be able to ferret out your actual primary insurance "needs." But, since I am the editor, I thought it might be more personal and helpful to do a series of "real-life" articles which will be partially based on my own personal insurance experiences. And one such memorable recent experience involved rolling and demolishing a rental car on I-95 at 6 P.M. on a week night last summer. Funny thing how an accident, death, fire, storm or other such scare will motivate us to become a real student of our insurance coverage.

When we rent a car, they always ask would you like "loss damage waiver" or some similar name for their coverages - usually in the same tone of voice they asked you what color Escort you want. And, if you are like me you probably give your answer very little thought. After all, since I am charging the rental contract on one of those "Gold" cards, I get the same coverage for free - right? In August of 1996, I was on a SafeTnet business trip to New England. I had taken a red-eye from Seattle to New York and in the afternoon was going to drive from Connecticut up to Boston for a morning appointment. I counted on the good weather I enjoyed but did not count on suddenly falling asleep at the wheel during rush hour in rural Connecticut on I-95. I awoke to the terrifying site of the world spinning upside down as the car rolled over onto its top. When I came to, I had demolished the vehicle, had not hurt anything or anyone other than some minor injuries to myself. All-in-all, a time to be very thankful for my health. But, as soon as I learned that my neck was not broken, my mind began to wander to thoughts about the rental car. Why hadn't I bought that stupid extra cost coverage? What would happen to my own driving record? You know the routine. And did I use my Gold card to charge the rental?

What I learned from this experience may not be true for you in your circumstances, but I strongly recommend that you answer these issues for yourself before you enter into another rental car agreement without giving this any thought. Like everyone else, I was under the impression that my Gold card issuer was telling the truth when they said that it gives me the "same" coverage as that sold by the car rental agency. In my case this was absolutely untrue or at the least misleading. Coverage sold by the renter is "primary", that is, if you have an accident they file the claim against the rental car's insurance company first BEFORE and not against your own company. My Gold card coverage was not primary! That is, it only would pay AFTER my own company had paid. Translation, to use it to pay more than just my personal policy's deductible, I would be forced to file the claim against my own personal or corporate policy - driving up my rates. If I had owned the coverage sold by the rental car company, their company pays first and I would not usually have to file against my company. Hardly the same thing at all.

Now, another fortunate occurrence for me was that I had rented the car in New York, where renters are "forced" to buy collision damage waiver - thank God! So, despite my reliance on so-called Gold Card coverage, I did not have to file a claim against my own policy. So, let me get to the moral of this tale of good fortune:

1. Before relying on your credit card coverage get out a copy of the plan. If you don't understand how it works (the primary, secondary thing) ask someone like your agent to explain it to you. Do not assume it is the "same" as the coverage you are declining.
2. Before rejecting the rental car company's coverages, make sure you are adequately protected by your own auto and liability plans. Ask your agent to pretend you had a claim with your coverage while driving a rental car. What would happen?

As for me, I now always buy the "expensive" add-on coverage when renting a car. I guess I have re-learned that travel is stressful and tiring and it's worth the "expense" to keep from having to use my personal coverage when taking the very real risks of driving a strange and often uncomfortable car on unfamiliar roads.

Jim "Crash" Kaufman, Editor

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## Car insurance depends on which credit card used

April 23, 2000

**Q. I am planning on renting a car in Italy. Can I use my credit card to cover collision damage?**

A. That depends on the credit card. American Express does not cover collision damage in Italy; Diners Club and Visa do; with MasterCard, it depends on the rental car agency (some do, some don't). Amex and Visa also don't provide coverage in Ireland, Israel and Jamaica; and Amex excludes Australia and New Zealand. In general, Diners Club offers the best rental car protection, and the yearly fee can pay for itself if you rent often.

Most credit-card collision insurance is secondary, meaning that the credit-card company expects your other sources of insurance to pay first and then they'll pick up anything left over, but Diners Club offers primary insurance, meaning that you don't need to tap other sources first.

Also, credit cards only cover collision damage with another vehicle, not damage to other objects, such as buildings, rocks or, heaven forbid, people, so you should look into liability coverage as well.

**Q. I'd like to take the Eurostar Chunnel train from London to Paris this summer. Am I better off buying my ticket in the United States or in London once I arrive?**

A. You can get the best price if you buy it directly from Eurostar 14 days in advance. They're currently offering a fare of 69 pounds (or about \$115) round-trip in second class if you stay over a Saturday night, or a two-night minimum stay midweek.

By comparison, the Rail Europe Web site currently lists a special fare of \$89 one way, so you save \$63 by going direct.

To reserve tickets with a credit card, call 011-44-1233-617-575.

*Have a travel question? Reach Hobica via e-mail at [geohobica@aol.com](mailto:geohobica@aol.com), or by writing him in care of Copley News Service, P.O. Box 120190, San Diego, CA 92112-0190. © Copley News Service*

## Do you really need rental car insurance?

That's the one question you can always count on asking yourself at the rental car counter. Your answer? Well, it depends on what type of coverage you have on your auto policy. When you rent a car, the coverages on your USAA auto policy will generally extend to the rental car. The liability coverage will protect your assets if you injure someone or damage another's property in an accident.

In most states, if you only carry **liability** coverage, we recommend that you strongly consider buying additional coverage from your rental company.

**Comprehensive and collision** coverages will pay for physical damage to the rental vehicle, subject to your deductible and any policy exclusions. They will not generally pay for loss-of-use, diminution-in-value, and administrative processing fees and other charges that rental companies often charge. To cover deductibles and these charges, you should consider purchasing the extra coverage from the rental company.

Some premium credit cards, including USAA's Platinum or Gold MasterCard<sup>®</sup> or VISA<sup>®</sup> cards, automatically provide supplemental coverage for losses not covered by your auto policy. In the event of an accident, this coverage pays the deductible and various other costs, including the loss-of-use, diminution-in-value and administrative fees. To be eligible, you must charge the vehicle rental to your credit card and decline the loss-damage waiver.

Regardless of the type of insurance you carry, it's always a good idea to review your coverage prior to renting another vehicle. If you need to make changes to your policy or discuss your policy limits, please call us at 1-800-531-8111.

### Traveling Abroad

If you rent a car while outside the United States, here are a few things to consider:

- If your current USAA auto policy is based in the United States, your coverage will extend only to the United States' territories and possessions, Puerto Rico and Canada. Coverage in Mexico is limited. Additional coverage is required in Mexico.
- If you plan to travel to Western Europe, charging your rental car on your credit card gives you some coverage. Since special circumstances apply when renting a vehicle in Western Europe, it is best to contact USAA with your questions.
- Some rental car companies abroad require you to purchase their insurance, regardless of any other coverage you may carry.

This article provides only a brief, general discussion of the policies and coverages. There are limitations, conditions and exclusions not discussed here. You should read the policies carefully to determine the exact coverages they provide.

If you rent a car through the USAA Rental Car Program with our alliance partners, **Avis**<sup>®</sup> or **Hertz**<sup>®</sup>, your insurance liability would be limited to the first \$3000 (Avis) or \$5000 (Hertz) if your rental car is damaged. You will also get a 5% discount on all Avis and Hertz promotional rates (subject to blackout dates and availability).

To receive these benefits, you must use code AWD #A177204 when contacting Avis at 1-800-525-7539 or [www.avis.com](http://www.avis.com). Use code CDP 77694 when contacting Hertz at 1-800-654-9141 or [www.hertz.com](http://www.hertz.com).

# Cutting through the red tape

## Tips for renting a car outside the United States

Seeing the sights in a foreign land on your own schedule can be an appealing reason to rent a car; however, it poses its own set of challenges, as laws and regulations differ from country to country.

If your current USAA Auto policy is based in the United States, it will extend coverage for your use of a rental car driven only in the United States, its territories and possessions, Puerto Rico and Canada. Coverage in Mexico is limited. (For specific information on Mexico, see "Driving to Mexico" on page 17.) And although premium credit cards in many cases offer limited coverage for damage to rental cars, some rental car companies abroad still require you to purchase their insurance.

### Alliance with Avis and Hertz

Members who plan to rent a car in a foreign country do have some advantages and special discounts available through USAA's alliance with Avis and Hertz, which — collectively — have 9,500 locations worldwide. In fact, in Europe alone there are 1,779 Hertz rental offices and 1,600 Avis locations.

USAA members receive a 10-percent discount from participating Hertz international locations (except in Eastern Europe and Iceland, where a 5-percent discount applies). Avis customers receive a 10- to 25-percent discount on standard rates overseas and in Canada, depending upon the location. Members benefit even more when they present USAA-exclusive coupons\* at the rental counter for additional discounts or vehicle upgrades.

\* To order Avis and Hertz discount and upgrade coupons for domestic or international travel, please call 1-800-667-9438.

What if the rental company insists that I purchase their car insurance? Call the Visa Assistance Center. If you are outside the U.S., use the appropriate number:

Whenever you need emergency service or answers, call The Visa Assistance Center, 24 hours a day, 365 days a year.

**(1-800-VISA-911)**

(1-800-847-2911)

If you are outside the United States, use one of the convenient toll-free numbers listed below.

For balance inquiries and account-related questions, please call the customer service number on your statement.

Anguilla	1-800-847-2911	Germany	0800-811-8440	Okinawa	0031-11-1555
Antigua	1-800-847-2911	Grenada	1-800-847-2911	Panama	001-800-111-0016
Aruba	800-1518	Guam	1-800-164-4000	Philippines	1-800-1-111-9015
Australia	1-800-125-440	Guatemala	999-0115	Portugal	0800-8-11-824
Bahamas	1-800-847-2911	Hong Kong	800-96-7025	Puerto Rico	1-800-847-2911
Bahrain	800-006	Hungary	00-(tone)-800-11272	Saba*	1-800-847-2911
Barbados	1-800-847-2911	India	001-800-9409114	Saint Eustatius*	1-800-847-2911
Belgium	0800-1-8397	Indonesia	001-803-933-6294	Saint Kitts/Nevis	1-800-847-2911
Bermuda	1-800-847-2911	Ireland, Republic of	1-800-55-8002	Saint Maarten*	1-800-847-2911
Bonaire*	001-800-847-2911	Israel	1-800-941-1605	San Marino	1678-19014
Brazil	000-811-933-5589	Italy	1678-19014	Singapore	800-1100344
British Virgin Islands	1-800-847-2911	Jamaica	0-800-847-2911	Spain	900-99-1124
Canada	1-800-847-2911	Japan	0031-11-1555	Sweden	020-795-675
Cayman Islands	1-800-847-2911	Korea, Republic of	00-818-009088212	Switzerland	0800-89-4732
Chile	1230-020-2136	Liechtenstein	0800-89-4732	Taiwan	008-010-3008
China	10-800-110-2911	Luxembourg	0800-2012	Thailand	001-800-11-535-0660
Colombia	980-12-5713	Malaysia	1800-80-0159	Trinidad/Tobago	1-800-847-2911
Costa Rica	0-800-011-0030	Mexico	001-800-847-2911	Turkey	99-800-13-535-0900
Curaçao*	001-800-847-2911	Monaco	0800-90-1179	Turks & Caicos	0-1-800-847-2911
Denmark	80-010277	Montserrat	1-800-847-2911	United Kingdom	0800-89-1725
Dominica	1-800-847-2911	Netherlands	0800-022-3110	United States	1-800-847-2911
Dominican Republic	1-800-847-2911	Nevis	1-800-847-2911	Uruguay	001-800-940-7915
Finland	0800-1-0057	New Zealand	0800-44-3019	U.S. Virgin Islands	1-800-847-2911
France	0800-90-1179	Norway	800-12052	Venezuela	800-1-2169

\* Netherland Antilles

If the country you are in is not listed, or if you experience difficulties using any of the toll-free numbers, call collect (410) 581-9994.

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When renting a car in Seville, Spain, or any other foreign location, you'll need to consider: What — if any — coverage does your personal auto policy provide? What advantages does your premium credit card offer? And can you benefit from USAA's alliance with Avis and Hertz?

In addition, through the USAA rental program, our alliance partners agree to waive the \$50 annual fee for USAA members for their preferred customer programs — Avis Preferred® and Hertz #1 Club Gold®. These programs, which apply domestically and abroad, help speed you on your way with preprocessed paperwork and no long lines at the rental counter.

### Timing is everything

Renting a car after reaching your destination is often much more expensive than if you had initiated your rental while still in the United States.

Usually, the earlier you make a reservation, the better your opportunity to get a lower rate. But if you ask for a quote and don't make a reservation, you may find later that the rate has gone up. This is especially true if demand is high for the type of vehicle you want. Prepaying your bill also can lock in the guaranteed lowest rates and allows you to pay in U.S. dollars.

To take advantage of the rental car program for USAA members, call the special telephone number for Avis or Hertz and ask to speak to an international representative — or visit their Internet sites. Just be sure to use the corresponding USAA account number.\*\* When you make your reservation, ask if the rental fee will automatically include all insurance coverages required in the country (or countries) you plan to visit.

\*\* To reserve a car in a foreign location through our rental car program, members in the United States may call Avis' or Hertz's international rental desk or reserve the car over the Internet. To make arrangements with Avis, call 1-800-525-7539 or access Avis' Web page at [www.Avis.com](http://www.Avis.com) and use the Avis Worldwide Discount number, A177204. (Note: Avis will respond to your online reservation via e-mail.) To contact Hertz, call 1-800-654-3001 or access Hertz's Web page at [www.Hertz.com](http://www.Hertz.com) and use the Corporate Discount Program number, 77694.

### Credit card coverage

Some premium credit cards, such as USAA's Platinum and Gold MasterCard and Visa, provide coverage for physical damage to rental cars in most foreign locations, but there are a few exceptions. (Note: For domestic rentals, USAA premium credit cards provide secondary coverage for physical damage to rental cars.)

To activate USAA Platinum or Gold credit card coverage, you must charge the rental to your USAA credit card.

Coverage through platinum and gold credit cards is extended for a specific period of time. For example, USAA's Platinum MasterCard and Visa offer foreign rental car coverage for up to 31 consecutive days. Visa's Gold card also extends coverage for 31 consecutive days, but Gold MasterCard offers 15 days

of coverage.

Since coverages, exclusions and claims procedures may differ among card issuers, it's best to find out in advance what your credit card company offers.

### Auto policy coverage

Again, if your USAA Auto policy is based in the United States, it will extend coverage for your personal use of rental cars driven only in the United States, its territories and possessions, Puerto Rico and Canada. Coverage in Mexico is limited. In most states, coverage for damage to a rental car used in these locations is provided *only* if you carry comprehensive and collision coverages on your policy. In a few states, such as Alaska, Minnesota, North Dakota, Rhode Island and Texas, rental car damage is covered under the property damage liability portion of the

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## **U.S.-based auto policies do *not* extend coverage for cars rented in any foreign location except for Canada.**

policy. In any case, U.S.-based policies do *not* extend coverage for cars rented in any foreign location except for Canada.

### **Europe**

If you do not have a premium credit card or are not renting from Avis or Hertz, there is another option — a Europe Touring Policy. Contact USAA in advance for details on this special auto policy, which provides physical damage coverages for rental cars in most European countries. Generally, European rental car agencies will include the cost of all compulsory liability coverages in the rental fee.

In many cases, rental car agencies in European countries will not require the purchase of a collision damage waiver when you show proof of physical damage coverage from USAA. A collision damage

waiver, available from a car rental agency for an additional fee, exempts customers from legal responsibility for damage to the rental car and some related incidental fees.

However, some European rental car agencies may refuse USAA's coverage and still require you to purchase all coverages — including the collision damage waiver — through them.

For information on USAA's special European physical damage auto policy, please call 1-800-531-8189.

### **Auto policies based in Europe**

For European car rentals, USAA members whose auto policies are based in Europe and who carry comprehensive and collision coverages do *not* need to purchase USAA's special auto policy covering physical damage. If you have comprehensive and collision coverages,

your Europe-based auto policy automatically extends in most European locations, as well as in the United States and Canada.

### **Travel to Canada**

When you drive a rental car into Canada or rent one while you are there, be sure to ask the rental agency to provide the documents and approval required for Canadian travel. You will need to carry the rental car contract with you. If you rent the car in the United States, you will need written authorization from the rental car agency allowing you to drive the car into Canada. If necessary, USAA will issue the Canadian Inter-Province Motor Vehicle Liability Insurance Card for your rental car. Once again, your USAA Auto policy extends the coverages you carry to vehicles driven to or rented in Canada.

### **Driving to Mexico**

In most states, USAA policies provide coverage for losses that occur in Mexico within 75 miles of the U.S. border. But this applies only to your personal vehicle (insured by USAA and garaged in the United States) or cars rented in the United States and driven into Mexico. However, many rental agencies, according to the terms of your rental contract, may prohibit you from crossing the border.

While USAA provides the same coverages you carry in the state or Canadian province in which your policy is issued, you should find out in advance what coverages are required in the areas of Mexico you plan to visit and purchase additional Mexican insurance, if necessary. Some Mexican authorities may not recognize your policy unless it is issued by a Mexican insurance company.

If you rent the car in Mexico, your USAA policy provides no coverage. You can, however, obtain coverage through the rental agency. ■

**When you make your reservation, ask the rental car company about the insurance requirements in the countries you'll be visiting.**

**Europe** a Europe Touring Policy. Contact USAA in advance for details on this special auto policy, which provides physical damage coverages for rental cars in most European countries. Generally, European rental car agencies will include the cost of all compulsory liability coverages in the rental fee.