

Car Renters Beware

The vacation seasons is in full swing, but before you jump into that rental vehicle, make sure you understand the contract you have just signed.

As most of us are aware, a rental vehicle is a temporary substitute handled with the same coverage we have under our auto policy. Through most insurance carriers they extend the broadest coverage an insured has on their policy and may also cover loss of use and the cost of an appraisal in the event of an accident. This exceeds most coverage extended by other companies in the insurance industry.

However, it has recently been brought to our attention that Budget Rent A Car has changed the language in their contract leaving many renters liable for uncovered vehicle damage. The current language if you do not accept their Loss Damage Waiver is as follows:

“you are responsible; and you will pay us for all loss of or damage to the car regardless of cause, or who, or what caused it. If the car is damaged, you will pay our estimated repair cost, or if, in our sole discretion, we determine to sell the car in its damaged condition, you will pay the difference between the car’s retail fair market value before it was damaged and the sale proceeds.”

The final portion of this contract is the area that can really affect a renter’s pocketbook. A real life example of this is an insured who rented a 2007 Ford Freestar valued at \$26,500.00. The vehicle was involved in an accident that resulted in \$6,828.35 damage. The loss of use charge was \$945.00, and the appraisal cost \$100.00. Since this vehicle was obviously not a total loss, the insurance carrier covered these charges and paid \$7,873.35 to Budget Rent A Car. Instead of repairing the vehicle, Budget opted to sell it at auction for \$11,700.00 in its damaged condition. Taking into consideration the sale of the vehicle (\$11,700.00) and the claim paid by the insurance carrier (\$7,873.35), they billed the insured the difference: \$6,926.65.

We spoke to Budget Rent A Car on this issue. Their solution is for the renter to take the Loss Damage Waiver at \$21.99 to \$23.99 per day added to the rental charge.

At this time, they do not anticipate a change in their contract language. We have been in contact with Enterprise and Hertz in Michigan. Neither of these companies has this type of language in their contract at this time.

Ultimately, we want our clients to go where they feel most comfortable renting a vehicle, but please contact our agency if you have any questions regarding the contract you are signing or your coverage if you choose not to take their insurance coverage offered by the rental agent at (248) 352-5140