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Rental cars, insurance policies - and what your credit card covers

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My first two reports on the growing gaps in credit-card coverage for rental car damage generated more e-mail than anything I've written over the past 20 years. Some readers reported additional problems, some had questions and all were worried about protection they thought they had - but may not have had after all.

Here are some of the readers' highlights:

Problem reports

Readers related several stories about difficulties with charge-card collision coverage. They:

-- Confirmed that when a big rental company refused to supply vehicle logs, their credit card refused coverage. As I noted, the current information I have is that Avis/Budget and Hertz do not share vehicle logs with either credit-card companies or insurance companies and that, even so, Visa promises to try for an equitable solution, while AmEx and MasterCard told me flatly that they won't honor claims without vehicle logs.

-- Noted that a rental company assessed a loss-of-use charge even when it had plenty of other cars available for rental and therefore didn't lose any revenue during the time the damaged car was out of service for repair.

-- Reported that a rental company charged loss-of-use at its full, undiscounted, short-term rental rate rather than at the discounted rate at which the renter (and presumably many others) actually paid for the car.

-- Added that a rental company not only assessed the actual cost of the repairs plus a daily-rate loss-of-use charge but also assessed the difference in supposed "resale value" between an unrepaired used car and one that had been repaired.

-- Related that a rental company employed a grossly inflated cost estimate for repairing the car in its own repair facility.

-- Informed me that a credit card refused to pay for any damage because the driver could not provide a written rental contract - which he didn't have because he was a member of the rental company's frequent-renter program, which allowed him to bypass the lengthy contract completion and instead head right for the car.

Questions

Several readers thought my earlier reports provided insufficient detail or raised additional questions. They asked:

-- What about Discover? I normally don't follow Discover, because so many readers rent cars overseas, where Discover is not accepted. For domestic rentals, Discover's Web site says that its rental-car coverage, available on some but not all card versions, covers damage but not loss of use.

-- Does the extra-cost AmEx Premium Car Rental Protection improve loss-of-use coverage? No, that program (starting at \$19.95 per rental, regardless of length, up to 42 days) provides some extra benefits, but it does not alter the AmEx requirement for vehicle logs.

Personal insurance

Several readers indicated I hadn't been clear about the use of their own auto insurance to cover damage to a rental car. Here's a bit more detail:

-- Many personal auto insurance policies cover damage to a rental car as well as to a vehicle owned by the driver. Not all of them, however, cover full loss-of-use charges; most impose a deductible, some don't cover rental cars at all and none covers you overseas. Several readers reported that State Farm normally doesn't cover loss of use but that you can buy that coverage for an additional annual premium.

-- Most credit-card collision coverage is secondary, meaning it pays only what you can't first reclaim from your own policy. Where your coverage doesn't apply to a rental - at all, or overseas - the card coverage becomes de-facto primary. And because your regular coverage excludes a deductible amount, the credit card is supposed to cover that amount, too. The premium AmEx program converts its normally secondary coverage to primary, but doesn't alter the policy on vehicle logs.

For the most part, these reports and questions confirm my worst fears: The rental companies really are trying to force you to buy CDW/LDW no matter what your credit-card offers. In my next (and last) column on this topic, I'll report on some input from credit-card companies about what, if anything, they intend to do to retain this valuable benefit.

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