

Eight Car-Rental Gotchas Your Credit Card Insurance May Not Cover

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20

Say you're renting a car and you plan to rely on your credit card's built-in collision coverage. Or maybe you're even prepared to buy the rental company's wildly overpriced collision damage waiver (CDW). Either way, you think you're covered. But are you fully covered? [MileCards](#) just released a report on eight rental-car gotchas that at least some credit card collision benefits won't cover.

"Upgrade" to SUV: "We're out of that midsized car you reserved, but we'll give you a [Ford Expedition](#) at no extra charge." You might hear that from a rental agent. Or maybe you just picked out an SUV from one of those "pick any available car" lots. You might have even wanted an SUV. Although most credit cards cover smaller SUVs, some credit card collision coverage specifically excludes full-sized SUV models.

"Expensive" Cars: As is the case with SUVs, if you think driving a rented Corvette, Lexus, or BMW might be cool for a few days, better pay the CDW. Many credit cards do not cover collision damage to cars with a retail value of \$50,000 or more. And, these days, lots of cars cost more than \$50,000.

Vans and Pickups: You probably already know that almost no credit card coverage applies to trucks or large vans. If you're renting a U-Haul or some other hauling vehicle, you have to buy the CDW, regardless of the credit card you use. The main exception is AmEx's extra-cost "Premium coverage" that includes some trucks.

Flat Tires: A blowout or flat tire may not come under the definition of "damage" to a rented car, unless the tire problem is caused by an accident, in which case neither CDW nor credit card coverage is guaranteed to cover the associated expenses.

Unlocked Car: Normally, neither a rental company's theft insurance nor a credit card will cover you if a police report or any other source notes that the car was unlocked at the time of the theft. And a related problem is that you may not be covered for theft if your car is stolen but you don't have possession of the key.

Stuck Vehicle: The MileCard report cites an instance of a driver whose rented car was caught in a flash flood and isolated for several days. The driver got out by rescue helicopter, but the rental company demanded payment for the entire time until the car was returned. You can also be charged for extra days if your rented car is towed, for whatever reason.

Damage to Others: Neither a credit card nor a rental company's CDW covers you for any harm you might do to any other person or damage you might do to someone else's property. That sort of claim is handled under personal liability, not collision. In the U.S., some states require that rental companies include a minimum level of liability as part of the rental rate, but it's almost always very small compared to the financial risk, and some states require no coverage at all. Typically, credit cards don't cover liability, either; rental companies sell it in addition to CDW. The liability insurance most drivers are required to carry on their own cars often extends to rented cars. And some rentals through AARP rates enjoy higher than minimum liability coverage.

Prepaid CDW: In some rentals—especially outside the U.S.—partial collision coverage may be included in the base rate, but with a very high deductible. Credit card coverage almost always requires that you decline the rental company's CDW, but card issuers' policies on bundled CDW differ. Some card policies cover the deductible if you can't avoid paying for some CDW; others refuse. Check with your card.

In sum, collision coverage is a minefield: **The rental companies know of the loopholes in credit card coverage—and they may invent a few when they're selling you on CDW. You can avoid most problems by buying CDW, but the prices, up to \$30 per day, are wildly inflated. Red below 3rd Party Insurance option.....** I continue to recommend relying on a credit card, but you have to know your card's fine print before making a decision.

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Using Third-Party Rental Insurance? Read This First

Ed Perkins, November 18, 2015

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Plenty of travelers these days are taking advantage of the [collision insurance offered by third parties](#) that is a lot less expensive than the rental companies' CDW. Among them, [InsureMyRentalCar.com](#) offers collision/loss coverage for \$7.50 per day, \$17.50 per trip, or \$99 per year. A rate of \$7.50 a day looks a lot better than the rental companies' charges up to \$30 a day.

But one renter encountered a snag. InsureMyRentalCar requires that the insurance contract include the names of anyone who will drive the car, including spouses, and the reader wanted to make sure her husband was noted on the rental contract.

"Not necessary," said a rental agent, "We cover spouses automatically, so we don't put a spouse's name on the contract." What's the way around this impasse? We checked with InsureMyRentalCar, and it is sticking with its "every driver's name on the contract" requirement. So if you're renting a car and want to cover collision with InsureMyRentalCar, you really need **to have every driver's name on the rental contract, regardless of the rental company's usual practice**. In our reader's case, that meant asking the rental agent to enter the name manually. It can be a hassle, but look at how much money you'll save.



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The Full List of Car Rental Cancellation Policies

Last updated: August 28, 2015 This is the last time all the information was updated and verified by a human being.

If you don't need the car, you can just cancel, right? While that's true most of the time, it's not always the case.

While that still is the case most of the time, exceptions do apply. If you never put down your credit card information, you're game. But if for some reason, you've decided to prepay for a reservation or decided to go with an agency that has decided it's sick of dealing with non-showing customers, it pays to be aware of each company's cancellation policy.

We've collated a list of some of the major car rental agencies out there, trying to figure out what their exact fees were for bailing on a reservation. It should be especially useful for people who aren't exactly sure of their plans or plan to [rebook their car rentals](#) if they end up finding a better rate. Though the general rule of thumb is pretty lenient, I'm still a bit too anal to leave this all the chance. (I guess I've been dealing with airlines for way too long.)

The two fees most commonly assessed are the cancellation fee and the no-show fee. Though they sound similar, they're both slightly different. The cancellation fee is often determined by how late the reservation was canceled. No-show fees are often tacked on if the renter fails to cancel and pick up the car within a specified amount of time; in some instances, the late cancellation fee will act as the no-show fee.

The fees are divided into one of two categories, if you've prepaid online or you've made a normal reservation. Prepaid reservations across the board tend to incur more penalties but give better rates. We verified these fees with customer representatives; where the information differed from the official website, we went with the website.

Cancellation Fees

Car Agency	Prepaid Reservation	Non-Prepaid Reservation
Alamo	n/a	\$0
Avis	\$10 if more than 24 hrs notice; \$50 if less than 24 hrs	\$0
Budget	\$10	\$0
Dollar	n/a	\$0
Enterprise	n/a	\$0
Fox	n/a	\$0

Car Agency	Prepaid Reservation	Non-Prepaid Reservation
Hertz	\$0 if within 7 days of booking; \$60 after 7 days of booking	\$0
National	n/a	\$0
Payless	\$50 if more than 48 hrs notice; entire amount forfeited after that	\$0
Thrifty	\$0 if more than 48 hrs notice; if less than 48 hrs notice fee equal to 1st day rental	\$0

No-Show Fees

Car Agency	Prepaid Reservation	Non-Prepaid Reservation
Alamo	\$50	\$0
Avis	\$50	\$0
Budget	\$50	\$75 (not assessed if credit card is not on file)
Dollar	n/a	\$0
Enterprise	n/a	\$0
Fox	n/a	\$0
Hertz	\$130	\$0
National	n/a	\$0
Payless	Entire amount is forfeited	\$0
Thrifty	Cost of 1st day rental	\$0

Keep in mind: The actual fees may differ if you're renting in another country. These are only based on rentals made in the U.S.