



Car Rental Insurance: Necessity Or Nightmare?

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Susan Pigg is a journalist with the Toronto Star and is used to doing research for the stories she writes for that paper. But she didn't think to check when business sent her to Iceland and she was forced to rent a car to get around.

She used her Aerogold Visa credit card to rent a Toyota Yaris, and thought she was covered, so she declined to take out any rental insurance, saving \$20 a day in the process.

"If you're paying about \$120 a year for a credit card that you're told it covers car insurance, you assume it covers car insurance!" she relates.

It was a costly assumption.

"I arrived in Iceland and seven hours later, my car was in a ditch," she recalls. "The roads there are treacherous, they're very narrow and the car was totalled."

She was stunned when the rental car company told her that her Yaris was worth \$29,000 - and they wanted her to pay for it right away. With no choice, she was forced to foot that huge bill.

"You have no power," she shrugs. "I'm in the middle of Iceland. I needed to get around! So in order to get another rental car, I had to pay that money. I had no choice."



It turns out most international rental companies won't deal directly with credit card firms. With the exception of Quebec, that's generally not the case in Canada or the U.S.

"If they do have the right coverage, then that coverage should extend to rental cars," explains James Beuzebroek of the Insurance Bureau of Canada. "Depending on what you purchased and where you're going."

Still it pays to check before you have to pay by cheque.

Just ask Susan.

"Don't go on the road like I did, assuming I got my Aerogold, I'm set to go."

Despite her expensive lesson, Pigg knows things could have been a lot worse. It turns out her credit card insurance only covered damage - not liability.

"I don't think I had any liability coverage," she muses. "And if I had hit someone going off the road in that accident, I could have been bankrupt for life."

Susan finally got her \$29,000 back but it took her months of aggravation to do it. It's a lesson she learned the hard way and hopes others don't take the same route she did.