

Five Reasons to Buy the Loss Damage Waiver (LDW)

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When you rent a car, the rental company offers you their optional coverages. One is coverage for damage to the vehicle you are renting. This coverage is called Loss Damage Waiver (LDW) or Collision Damage Waiver (CDW).

Your personal or business auto policy may provide some coverage for the rental car but the LDW is broader than most of those policies. There are five primary reasons you should consider buying the LDW.

- 1. No Deductible**
When your auto policy pays for the damage to the rental car, you will pay the policy deductible. There is no deductible with the LDW.
- 2. No Claim on your Record**
When your policy pays, the claim will show in the insurance industry databases and can influence your rates in the future. The claim covered under the LDW is never reported to the insurance industry.
- 3. Full Coverage for Loss of Use**
If you damage the rental car, you will also be responsible for the loss of rental income during the time it is out of use. Many auto policies do not cover this and others provide only partial coverage. It is not an issue if you purchase the LDW.
- 4. Coverage Matches Your Legal Obligation**
With a collision loss, your auto policy will pay the cost of repairing the vehicle. The rental agreement you signed may obligate you for much more than that. Most rental car companies are now charging for Diminished Value (the reduction in value of the vehicle because it has been in an accident). And, one major rental car company is simply selling the damaged vehicle at auction and charging the renter for the difference between the pre-loss value and the sale proceeds. If what your auto policy pays for the repairs is not sufficient to cover the bill from the rental car company, you will pay the difference. When you buy the LDW, your obligation for damage is covered completely.
- 5. You Won't Miss the Plane**
If you return the rental car damaged, you may miss your flight home as you complete the paper work that is required. When you have the LDW, the return process is not difficult.

The cost of the LDW is expensive, in most cases around \$20 per day. Despite the expense, many renters feel the peace of mind it brings makes the price well worth it.