

The document provides a comprehensive overview of liability insurance policies related to rental cars, detailing the complexities of coverage when a renter is involved in an accident. It identifies four primary types of insurance offered by rental car companies: Collision Damage Waiver (CDW), which waives the company's right to recover damages from the renter; Loss Damage Waiver (LDW), similar to CDW; Supplemental Liability Insurance (SLI), which offers additional liability coverage for third-party damages; and Personal Accident Insurance (PAI), covering medical expenses for the renter and passengers. Additionally, Personal Effects Coverage is included, which protects against theft of belongings from the rental vehicle.

The document clarifies that the liability insurance provided by rental companies can be classified as primary or excess, depending on state laws and the rental agreement's terms. While rental companies are not obligated to verify if renters possess personal liability insurance, they must adhere to state-mandated liability limits in most jurisdictions. The Graves Amendment, enacted in 2005, shields rental companies from liability for damages caused by renters, provided there is no negligence on the part of the rental company, leading to legal disputes over whether the rental companies' liability insurance is primary or secondary to the renter's personal auto policy.

A state-by-state analysis reveals significant variations in liability insurance policies. For instance, in California, rental companies do not automatically provide liability coverage, placing the onus on renters to ensure they have adequate insurance. Connecticut mandates clear disclosure of liability, collision, or comprehensive coverage in rental policies, while Delaware requires rental companies to maintain minimum liability insurance, sharing liability with renters if they fail to do so. In Florida, rental agreements must specify if the rental company's liability coverage is primary, applicable under certain conditions. Georgia establishes that the renter's liability coverage is primary, with the rental company's coverage being excess. In Hawaii, the rental company's liability is excess unless specific conditions allow recovery from the renter. Other states, such as Illinois and Indiana, have their own stipulations regarding primary and secondary coverage, with some states lacking specific statutory

guidance.

The document further outlines liability coverage requirements across various states, noting that in Virginia, rental companies must provide primary liability coverage, while in Washington, the primary coverage determination relies on comparing the rental agreement and the renter's policy. In West Virginia, the renter's personal auto policy is primary, but any additional liability insurance purchased from the rental company takes precedence. Wisconsin law mandates that rental company liability coverage is secondary to the renter's insurance, a position affirmed by the Wisconsin Supreme Court. The document emphasizes the importance of understanding local regulations and the specific terms of rental agreements to ascertain liability coverage in the event of an accident. It also advises that the information may become outdated and encourages contacting a legal expert for clarification, underscoring that the publication is not a substitute for professional legal counsel.