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## NEW ENGLAND INSURANCE SERVICES, INC.

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### Information on the Rental of Vehicles by the Organization

When you rent a vehicle, the contract between the lessee (your employee or volunteer) and the lessor (Rental Company) will dictate when the insurance coverage begins and ends. Each contract will differ.

When an individual enters into the contract their individual Personal Automobile Policy will be excess over the insurance on the vehicle itself. This is true unless the contract states that the lessee's insurance is primary.

If the lessee's insurance is primary, then bodily injury and property damage to another vehicle will be provided up to the limits in the Personal Auto Policy. As an example, 100,000/300,000 bodily injury and 50,000 property damage might be the limits on the Personal Auto Policy.

Physical damage to the rented van will be provided up to the actual cash value of the most expensive vehicle on the Personal Auto Policy that carries comprehensive and collision coverage. If the Personal Auto Policy does not have comprehensive and collision coverage, there is no coverage to the rented vehicle under the Personal Auto Policy. If this is the case the coverage should be purchased under the contract with the Rental Company.

Once the limits of the Personal Auto Policy are used up in the payment of the claim, then the Hired Auto Liability portion of the Commercial Auto Policy begins.

The limit of liability for bodily injury and property damage is \$1,000,000 under most Commercial Automobile policies. Some organizations elect to purchase physical damage hired car coverage which would provide physical damage coverage to any hired automobiles. You would need to select a limit and a deductible.

Another consideration is the rental company's loss of rental income if the van was damaged and they could not continue to rent it. If loss of use is not covered under the Personal Auto Policy of the lessee, the Commercial Auto Policy is primary if this coverage is provided under your policy.

A stipulation of the Hired Car coverage offered under the Commercial Auto Policy is that the Personal Automobile liability coverage must be equal to \$100,000 per person/\$300,000 per accident for bodily injury. So, anyone putting renting a vehicle must carry these limits on their Personal Auto Policy.