

NEWS LETTER

n.p. james insurance agency



March 2008

Rental Car Contract Changes

“Diminution in Value” and “Before & After” clauses among others.....

Over the years renting a car has become more and more complex with respect to insurance coverage. Currently, anyone with a personal Massachusetts automobile insurance policy can expect coverage to transfer to the rental car (US and Canada, only) exactly as for the owned (home) car. Unfortunately, exposures for rented cars far exceed your policy's coverage!

Rental car contracts are tremendously onerous, holding the renter responsible for any and all damage and/or theft. “Damage Waiver” coverage costs through the rental agency usually exceed the daily rate for the car. Credit cards offer some coverage to fill gaps but are often eclectic and confusing.

Things not covered by your Mass Auto policy:

Loss of Use of the rented car while it is in the repair shop being fixed (the agency has no incentive to get the car out of the repair shop while you're paying daily rental fees).

State laws requiring anyone causing injury in an automobile accident to remain in the state until claim settlement.

Diminution in Value the diminished value of a car having undergone repairs.

Before & After the difference between the car's value when rented and when sold for salvage following substantial damage that is unrepaired. (Your Mass Auto policy *will* cover whatever repair value is estimated in this situation.)

Consumers may be surprised to find thousands of dollars of these charges on their credit cards with little or no recourse once they are back home.

Peace of mind suggests that you rethink your declination of the rental agency's offer of insurance with your next rental.

Basically, you have two choices: self-insure for these areas or buy the rental agency's insurance (sometimes called “loss damage waiver”).

April 1 (April Fools?) Open Competition season for Mass Auto insurance

April 1 begins Governor Patrick's new Open Competition scheme for Massachusetts automobile insurance. With it comes a new bureau to assign and regulate high risk drivers and company assignments.

Since Commissioner of Insurance Nonnie Burns was appointed, there have been more questions than answers about the placement and rating process. Since Burns imposed a 10 percent surcharge ceiling on higher-risk drivers, only two insurance companies (Peerless, owned by domestic based Liberty Mutual, and Progressive) have filed to enter the Commonwealth.

Attorney General Martha Coakley has openly disputed some of the insurance rating and discount criteria filed for April 1. Particularly targeted are the insurers offering the largest discounts!

Massachusetts consumers have been long accustomed to subsidizing city and high-risk drivers. No one is anxious to entertain the free-market \$6,000 average annual premium a Connecticut teen driver faces. Beacon Hill is much too involved to allow that to happen.

So what now? It appears that one-stop transactions will be a thing of the past, since regulators are now requiring waiting periods for state insurance acceptance. Agents will no longer be able to stamp a Registry form for license plates and title until the Commonwealth certifies. Stay tuned as this develops.

Nancy James has recently addressed two panels of new teen drivers and their parents. Concord-Carlisle and other high school parents have long been both vigilant and pro-active in using every avenue to prevent teenage tragedies behind the wheel. James has been joining law enforcement efforts to save young lives for over 20 years, informing and cautioning parents.

**Nancy James was recently named one of
The Top Ten Insurers
by *Women's Business Boston***

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******* *IN THIS ISSUE* *******

- ***Rental Car Contract changes you should know about***
- ***New April 1 "Open Competition" Auto Regulations***

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