



THE GROWING IMPORTANCE OF RENTAL REIMBURSEMENT

The auto insurance industry is competitive – and it’s becoming even more so. [According to a recent Ipsos report](#), with rates on the rise, consumer loyalty is dropping as drivers increasingly shop around for the best combination of coverage and price. To stay on top, insurance companies must find ways to maximize customer satisfaction while delivering value to their clients. Rental reimbursement policies may be one way to bridge the gap.

“Rental reimbursement should no longer be considered merely supplementary. With the potential to positively impact customer satisfaction and retention, these policies can represent a strategic advantage for insurers willing to prioritize them in initial policy discussions and throughout the client relationship.”

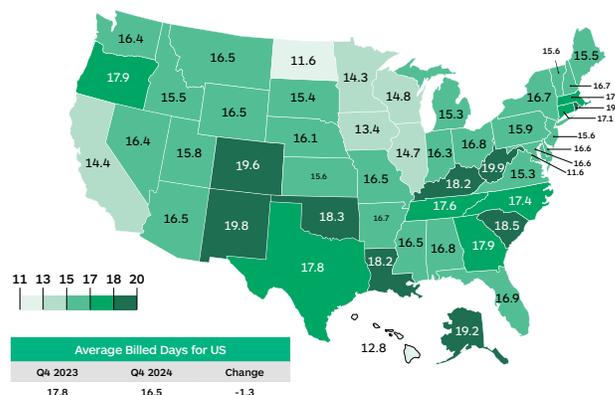
– Yvette Burke, Vice President of Global Sales, Replacement & Leisure Division

Rental Reimbursement: More Than a ‘Nice to Have’

As customers demand more seamless experiences and added value, the commonly held view of rental reimbursement as a niche add-on to auto insurance coverage may be missing the mark on the critical role it can play in forming a well-rounded auto insurance policy.

According to 2024 Length of Rental (LOR) data from Enterprise, U.S. drivers are waiting an average of nearly 2.5 weeks for collision-related repairs – a long time to be without transportation, especially for those relying on their vehicle for their daily commute. Rental reimbursement coverage helps provide peace of mind, minimizing frustration during what can be an already stressful time. For the insurance professional, rental reimbursement presents a significant opportunity to enhance their value proposition and differentiate themselves in a crowded market. Those who proactively educate and enroll their clients in these policies may have the advantage.

U.S. Length of Rental by State Q4 2024



*Source: Enterprise Rent-A-Car. Includes ARMS® Insurance Company Direct Billed Rentals.

[Click here to view the latest Length of Rental reports from Enterprise](#)



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Key Insights

Enterprise conducted a comprehensive insurance penetration study in 2022 to understand the impact of rental reimbursement policies. Key data points revealed the relationship between rental reimbursement coverage and customer satisfaction, finding policyholders who use rental benefits during a claim are more satisfied with their overall claim experience, with 96% saying they are likely to rent again for a future claim.

This satisfaction extends beyond claim resolution, influencing customer loyalty and brand perception. According to the study, customers with rental reimbursement tend to stay with their provider for longer and shop for new insurers less frequently. If and when they do choose to shop around, these customers highly value the coverage in considering a new provider. Even among those without a rental reimbursement policy, half consider it an important factor in their decision.

“This data is critical for insurance professionals focused on customer retention and growth,” said Burke. “In a market where consumers have more choices than ever, positive claims experiences and value perception are crucial differentiators.”

Despite the benefits to insurers and the insured, the study revealed a gap – and opportunity – between potential and actual penetration of rental reimbursement policies in the market.

Just 41% of customers with comprehensive auto insurance policies have rental reimbursement coverage, yet 48% of those without the coverage rented a vehicle during a recent claim. Meanwhile, nearly 25% of customers without coverage say they have never heard of rental reimbursement or think their provider doesn't offer it.

41%

of customers have rental reimbursement coverage.

The Business Case

It's no wonder rental reimbursement policies play a role in increasing long-term customer retention, as clients who feel more satisfied, protected and valued are less likely to switch providers. While insurance rates continue to be the most common reason consumers may decide to make a change, nearly a third say better coverage was a factor.

For those who don't already have rental reimbursement, or whose reimbursement rate is less than what's needed to offset the total cost of the vehicle, a robust rental policy offers customers an opportunity to improve their coverage – and experience – overall. Having timely access to a rental vehicle that's fully paid for by their insurance policy means customers can continue their daily lives without interruption or additional financial stress.

The time invested in educating clients about the advantages of adding rental reimbursement to their auto insurance policies – and

ensuring they receive coverage at an appropriate level and for the right-size vehicle – is well spent when considering the potential gains in customer satisfaction.

According to the study, satisfaction levels were dramatically lower among those whose rental policies covered only a small portion of the cost, with a mere 21% of respondents reporting being very satisfied with their provider, compared to 74% of customers whose rentals were fully covered. Even those who rented without coverage at all were more satisfied than those with policies that reimbursed no more than half the rental cost, demonstrating the impact the level of coverage can have on how customers feel about their provider.

“The more out-of-pocket expenses a customer pays, and the more friction they encounter in carrying on with their day-to-day activities, the less satisfied they are with their insurance provider during a claim,” said Burke.

Educating Clients: Key to Success

Insurance professionals play a vital part in helping clients understand the importance and benefits of rental reimbursement coverage, with 60% of the study's respondents who have these policies reporting they learned about the benefits through their agent.

This presents insurance providers with a valuable opportunity to educate their customers – a conversation many will welcome. About half of those without coverage say they're open to the idea of rental reimbursement, and that number increases dramatically among drivers with a recent claim (64%) and for those who opted to rent on their own (84%).

By making a point to highlight the coverage in early policy discussions, as well as during reviews or whenever updates are made, agents can introduce the benefit of rental reimbursement while also helping to keep its value top of mind for their clients should they ever need to use it.

Despite having coverage, one in five study respondents who did not rent during their most recent claim say it's a decision they'd change if given the chance. Knowing the potential positive impact choosing to use rental coverage can have on customer perception of the claims experience, it makes sense that proactively promoting the value of rental reimbursement can not only lead to higher acceptance rates, but increased customer satisfaction overall.

Embrace the Future of Insurance with Rental Reimbursement

As the insurance landscape evolves, the role of rental reimbursement in shaping customer experiences and driving business success is becoming increasingly important. For more information on how Enterprise can support your efforts in the rental reimbursement space, including a free continuing education course, and more, explore our online [agent resources](#).

For more information, visit enterprise.com/agentresources.