



## **How to Insure Someone Else's Car**

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You can insure someone else's car, but insurance companies have rules in place regarding how to go about it. If they didn't, imagine the scam that could occur: You could take out insurance on your neighbor's car, borrow the car, and then total it. Because you took out insurance, you could collect on the claim and walk away with a bonanza for wrecking someone else's car. Insurance companies won't allow that to happen, but they will allow you to insure someone else's car under certain conditions.

### **Insurable Interest**

You need to have insurable interest in a car to insure it. Insurable interest means you would suffer a direct loss if something were to happen to the car. You would be the one who would pay to fix or replace the vehicle. If you wish to insure someone else's car, you would need to explain to the insurance company what your insurable interest is. You would also need the car owner's permission to insure the car.

### **Driving Someone Else's Car**

Many insurance policies work by insuring the car and not the person, which means that the insurance company would pay on a claim no matter who was driving. But not all policies work that way. Some policies might insure only the policyholder. In that case, if you were a regular driver of the car, you would need to take out insurance. You would typically need to be listed on the policy as an additional driver of the car. If you were in an accident, the insurance company would pay the claim -- but not to you. The claim would go to the car's owner.

### **Types of Insurance**

Liability insurance does not cover your car; it covers the other person and that person's car, up to the policy limit, if you were at fault in an auto accident. You can buy liability insurance on someone else's car with the owner's permission without listing the owner on your policy because the payout goes only to the party you injured. Collision and comprehensive insurance covers your car if it was stolen or in an accident, no matter who was at fault. If you want to get this type of coverage for someone else's car, you would need to get permission from the car's owner and from the insurance company by showing your insurable interest in the car. You would also need to list the name of the car's owner on your policy.

## **Rental Cars**

When you buy rental car insurance, you are insuring someone else's car. The insurance protects you if the rental car were stolen or damaged. If you already have auto insurance on a vehicle you own, you might not need to buy rental car insurance. It depends on what your policy covers. Most cover liability insurance, which covers you if you damage another car while driving the rental car. But it doesn't always cover collision and comprehensive insurance. What's important is to have some sort of insurance on your rental car. Needing to pay a lot of money for a rental car accident is one sure way to ruin a vacation.

## **Non-owners Insurance**

Though not exactly insuring someone else's car, non-owners insurance allows you to be covered when you drive someone else's car. Many auto insurance companies carry non-owners insurance. People who rent cars often might want this type of insurance if it costs less than rental insurance does. You would crunch the numbers to find out by comparing the cost of non-owners insurance with what you typically pay for rental cars in a year. Non-owners insurance usually costs a few hundred dollars a year, according to Insurance.com. If you spend more on rental insurance than you would on a non-owners insurance policy, this insurance will save you money. You might also want non-owners insurance if you drive a friend's car and that friend has a policy with a low liability limit.