

Who Pays for a Car Accident Involving a Rental Car in Texas?

Our attorneys know how to navigate complicated crash cases

You've just touched down in Houston after a quick flight, grabbed your rental car keys, and within two hours, someone hits you. Now you're dealing with three different insurance companies, each one pointing fingers at the others in an argument over who has to pay for damages. This is how confusing and complex rental [car accidents](#) in Texas can be.

When these accidents happen on Texas roads, figuring out who actually pays becomes complicated. Most people think it's simple – the person at fault pays. Technically, they're right. But in reality, you're dealing with layer upon layer of insurance coverage, federal laws, and surprise exclusions that insurance companies hope you'll never discover.

What exactly happens with multiple insurance policies?

When a rental car accident happens in Texas, you're rarely dealing with just one insurance company. Instead, you've got a stack of policies, each trying to dodge responsibility while you're stuck in the middle, injured and wondering who will actually pay.

Here's how the layers usually work:

- The at-fault driver's liability insurance is typically first in line and must at least meet Texas minimums: \$30,000 per person, \$60,000 per accident for injuries, and \$25,000 for property damage.
- The rental car company's insurance options (such as Collision Damage Waiver or Supplemental Liability Insurance) may apply, but only according to the fine print in your rental contract.
- Any extra protection you bought at the counter (supplemental liability or personal accident coverage, for example) can add another layer, but those policies have their own limits and exclusions.
- Some credit cards offer rental coverage, usually secondary and focused on damage to the rental vehicle, not injuries or the other driver's losses.
- Insurance companies often argue over who is "primary" or "secondary," delaying payment while you deal with repairs and medical bills.

Because of the [federal Graves Amendment](#), you generally can't sue the rental car company just for owning the vehicle. Legal responsibility usually falls on the drivers and their insurance policies, not the rental company itself.

Why does Texas make this so complicated?

Texas operates under an “at-fault” system. The at-fault driver’s insurance should cover damages to the other vehicle, medical bills, lost wages, and pain and suffering. But that’s only if they have enough coverage. Many drivers in Texas are driving around with the state minimum coverage, which can disappear like morning dew when medical bills start piling up.

The state also uses something called “comparative fault” or “modified comparative negligence,” and it includes what lawyers call the “51% bar rule.” Basically, if you’re found to be 51% or more responsible for the crash, you can’t recover anything. This creates a powerful incentive for insurance companies to bump your percentage of fault just high enough to block your claim.

Your personal auto insurance gets tangled up in this mess because most policies extend coverage to rental vehicles. But the coverage might be different than what you have on your own car. Maybe you have collision coverage at home but only liability in the rental. Or maybe your policy has a higher deductible than you remember. Insurance companies focus on the gaps between what you think you’re covered for and what you are actually covered for.

What should you buy at the rental counter?

This is where many people get confused. The sales pitch from rental company employees is high-pressure, the options are numerous, and your brain is already fried from travel. Here’s what actually matters:

- **Collision Damage Waiver (CDW):** This covers damage to the rental vehicle itself if you’re in a crash. It doesn’t cover liability to the other person. That’s a key distinction. If you have good collision coverage on your personal auto policy, and your credit card offers rental coverage, you might skip this.
- **Supplemental Liability Insurance (SLI):** This boosts your liability coverage beyond Texas minimums. If you cause a serious crash with injuries, your liability insurance could max out quickly. SLI backs you up. This is worth considering if you’re driving a rental regularly or if your personal liability limits are low.
- **Personal Accident Insurance and Personal Effects Coverage:** These are typically lower priority. Personal Accident Insurance covers you and passengers for injuries; Personal Effects covers your belongings.

How do insurance companies determine who pays?

After a rental car accident, if police are called to the scene, an accident report will be filed. That report usually contains an officer’s preliminary determination of fault based on traffic violations and what they observed at the scene. But the police officer’s opinion isn’t legally binding. They’re just documenting what they see; they don’t decide legal liability.

Once police finish their scene investigation, the insurance companies begin their own investigations. The at-fault driver's insurance company looks at the police report, evidence from the scene, witness statements, and vehicle damage patterns.

They make a preliminary determination about fault, and they communicate that to you. If they're convinced their driver caused the crash, they accept liability. If they're uncertain or think you're partially at fault, they adjust your claim downward by your percentage of fault.

Even a small adjustment (saying you're 15% at fault when you're really 5% at fault) saves them money on your claim. They'll argue that you should have seen the other vehicle sooner, that your reaction time was slow, or that you didn't take enough evasive action.

What if my own insurance is involved?

Your own insurance company gets involved if you were responsible. They'll either accept liability right away or they'll negotiate and potentially make you fight for fair compensation.

If both drivers were partially at fault, both insurance companies might accept partial liability. You could end up with a claim split between multiple companies, each one dragging their feet because they know the other company will eventually have to split costs.

How do other coverages come into play?

The rental company's damage waiver coverage, if you purchased it, will cover damage to the rental vehicle regardless of fault. This is valuable because it means you're not fighting about the car's repair costs while fighting about everything else. Your health insurance, uninsured motorist coverage, or underinsured motorist coverage kicks in for your medical bills regardless of the car's liability situation.

When do I need to seek legal help?

When a rental car accident turns serious, trying to "go it alone" with the insurance companies is usually a bad gamble. Their goal is to limit what they pay; your goal is to get your life back. Those two priorities rarely line up.

You could be at a major disadvantage if:

- You have sustained injuries, ongoing pain, or accrued medical bills. The higher the stakes, the harder insurance companies work to underpay your claim.
- More than one insurance company is involved and they're pointing fingers at each other about who is primary, secondary, or not responsible at all.
- The adjuster suggests you're partly to blame, or hints that you could be "over 50% at fault," which could wipe out your right to recover anything under Texas law.

- The rental company is chasing you for vehicle damage, threatening collections, or trying to bill your credit card for thousands of dollars.
- A commercial vehicle, rideshare, delivery driver, or company car is involved, which means different rules, bigger policies, and more aggressive defense teams.

The safest move is to speak with a lawyer as early as possible. A consultation can uncover hidden coverage, protect you from costly mistakes, and shift the burden of battling the insurance companies off your shoulders and onto someone who does this every day.

What should my next steps be after a crash involving a rental car?

The moments immediately after a rental car accident matter more than most people realize. Police will arrive and document the scene. Get their report number and the officer's name. Take photos of both vehicles' damage patterns, the scene, traffic signals, and any relevant road conditions. Also, get contact information from any witnesses at the accident scene, not later, because witnesses eventually forget and become hard to track down.

Most importantly, speak to an experienced rental car accident lawyer who knows Texas law and how to handle cases like yours. That's where [Smith & Hassler](#) comes in. We have been standing up for injured people in Houston and throughout Texas for more than 30 years. We offer free consultations, so you can get clear answers about your rights, your options, and what your claim may be worth before you make any big decisions.

Plus, we represent clients on a contingency fee basis, which means you pay no upfront costs and no attorney's fees, and we only get paid if we win compensation for you. [Contact us](#) today to request a free case evaluation with an experienced car accident lawyer who will take over the fight while you focus on healing.