



| The Know Your Driver (KYD) stack >

How car rental companies are
reducing risk and protecting margins

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01. Executive summary

Large rental operators face a growing mismatch between the risk they carry and the tools they use to mitigate it. Fraud tactics have evolved, unattended pickups have become standard, and manual license checks fail to catch suspended, invalid, or mismatched identities. This results in preventable theft, higher liability exposure, and vehicles sitting idle while teams chase disputes and recovery.

A Know Your Driver (KYD) screening program provides the missing layer by giving operators real-time clarity on who is renting a vehicle before the handoff. Instead of relying on fragmented checks, KYD unifies identity verification, driver’s license status, criminal history, and automated decision rules into a single workflow. High-risk renters are flagged up front. Low-risk renters move through quickly.

Modeled impact across large operators

Consistent KYD screening reduces losses in the highest-impact categories. The table below shows typical exposures and the savings large operators see when KYD is fully deployed.

Loss type	Estimated annual losses	% savings with KYD	Annual savings with KYD
Rental theft	\$6 – 8M	~15%	~\$0.9 – 1.2M
Fleet damage	\$25 – 30M	~10%	~\$2.5 – 3.0M
Vehicle downtime (loss of use)	\$3 – 10M	~13%	~\$0.4 – 1.3M
Investigation and recovery	\$15 – 18M	~15%	~\$2.3 – 2.7M
Total	~\$50 – 65M	—	~\$6.1 – 8.2M

These gains are reflected directly in the P&L: fewer unrecoverable vehicles, lower claim volume from ineligible drivers, reduced investigation hours, and less time with cars out of service. They also strengthen utilization, loss ratios, and insurer confidence.

This report outlines the risk landscape reshaping rental economics, the components of a modern KYD program, how operators measure ROI, and modeled savings showing millions in annual loss reduction across large fleets.

02. Introduction: risk visibility as a competitive advantage

Every rental comes with real risk

One bad handoff—a fake ID, a stolen identity, or a driver with a suspended license—can lead to recovery costs, insurance pressure, and legal trouble. As self-service rentals, online bookings, and after-hours pickups grow across all rental operations, operators have fewer chances to catch issues before the vehicle leaves the lot.

Most operators still rely on basic checks that weren't built for today's fraud tactics or unattended pickup flows:

- a quick visual ID inspection at the counter or kiosk
- a license lookup that may not show current driving privileges
- a card swipe in the payment system

Since these checks don't connect or confirm the identity behind the ID, issues often surface only after the rental has already begun. And with unattended or kiosk-based pickups, there's no staff member present to spot something unusual or stop the rental before the car is released.



The cost

Theft and loss of use show up as major expenses in every rental company's 10-K. When a car is stolen, operators lose revenue days and drain time and money on recovery and claims.

- | Recovery is slow and costly
towing, admin, and legal work can exceed the value of the vehicle
- | Insurance premiums rise
with theft and damage claims, cutting into margins across the fleet
- | Downtime results in missed bookings, especially during peak demand
- | Damage and theft lower resale value, reducing what operators earn when vehicles are cycled out of the fleet

Even a few thefts or damaged vehicles can squeeze margins, especially in high-volume locations where downtime quickly adds up.

The opportunity

Risk management is no longer a back-office task. It directly protects vehicles, margins, and insurer confidence. Operators who can verify renters quickly and accurately keep more cars earning revenue, reduce chargebacks and false disputes, and avoid handing keys to someone who shouldn't be behind the wheel.

03. Today's car rental risk landscape

The vehicle rental industry has undergone transformative digitalization to meet consumer demands for fast, frictionless, and contactless experiences. Self-service kiosks, mobile check-ins, and after-hour pickups are now the standard. However, this transition to speed and self-service creates serious gaps in how rental companies verify and assess who's getting their keys, resulting in fraud and operational risk.

Fraud by the numbers

3.3M

fraud cases linked to car rentals in 2023

50%

of identity fraud involves fake IDs: a direct risk for rental workflows that still depend on visual checks

98%

increase in fraud rates in the transportation industry between 2023 and 2024 alone

Common fraud and risk scenarios in rental operations

Organized theft rings use fake or stolen IDs at kiosks and after-hours lots to steal cars

Some present synthetic identities built from real data (none of which a visual inspection or standard license lookup can detect)

Drivers with suspended licenses slip through with IDs that still scan as "valid"

Why today's verification tools fall short

In practice, operators juggle one-off tools that don't share information, so risk signals don't come together in time to stop a bad rental. Without unified data and automation, it's hard to spot patterns or act on emerging risk before a vehicle leaves the lot.



Visual ID checks

confirm the person matches the photo, but can't verify whether the information is accurate or if the license is valid today



Card/ID scanners

validate the physical card's security features, but not whether the ID belongs to the renter or the license is active



DLDV lookups

confirm a license exists in the DMV database, but don't show if it's suspended, revoked, or restricted



Motor vehicle reports (MVRs)

are slow and costly, and still miss important criminal history that could signal higher-risk renters, making them impractical for same-day rentals



Telematics

track vehicles *after* pickup, but can't tell you whether the renter should've gotten the keys in the first place



Real business risks beyond legal requirements

These verification gaps don't always create legal exposure. The Graves Amendment usually protects rental companies from being held liable for accidents involving their renters. The operator's legal obligation is narrow: confirm the renter is allowed to drive and appears able to do so safely.

Legally, operators have only a narrow set of checks they must complete.

- ✓ Check that the license looks legitimate
- ✓ Verify that the driver meets the minimum age requirement
- ✓ Confirm the renter appears able to drive (is not obviously impaired, such as intoxicated by alcohol or drugs)



But while deeper checks aren't required, weak verification opens the door to avoidable risks across the business.



The chance that someone uses a stolen or fake identity to get a vehicle



Insurance disputes and higher claim volume



Accidents or damage from drivers who shouldn't have been approved



Time spent tracking down stolen or unreturned vehicles, handling claims, and closing out incidents

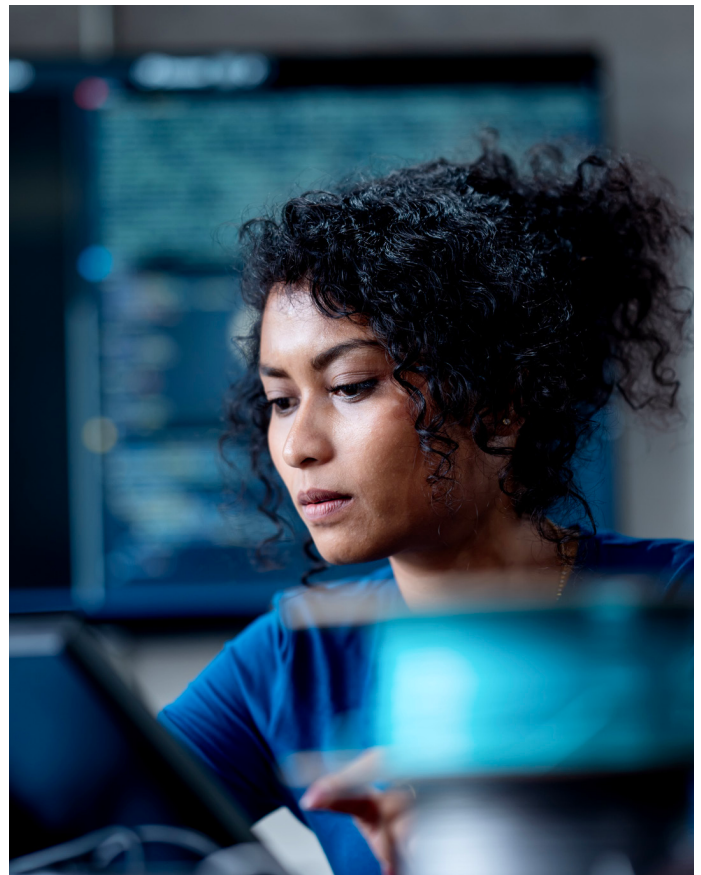
Managing insurance costs

Rental agencies have a financial incentive to implement stronger verification practices. Since insurance premiums reflect a company's claims history, reducing accidents and fraud directly lowers long-term premium costs. Stronger screening helps operators keep those claims down and protect their bottom line.

Bridging the gaps

All of this points to a simple need: a clear, up-to-date view of who is renting your vehicles before the rental begins (not after something goes wrong).

To get there, operators are moving toward integrated systems that connect identity, license status, and risk signals with the tools they already use to run their fleets. That's the gap Checkr Trust fills. It connects driver intelligence to your operations, giving you clear go/no-go signals before you hand over keys.



04. Manual checks vs. automated KYD: the differences in risk control

Every rental operator screens renters, but the how varies widely. Approaches fall into two broad buckets: manual checks and automated KYD screening using real-time data.

The comparison below shows where manual checks break down, and where automated KYD meaningfully changes outcomes.

Manual checks

Business impact:

You're meeting the legal minimum, but you still have little visibility into risk. Verification steps vary by location, and there's rarely a consistent record of what was checked. Most issues surface only after the rental, when the vehicle is already gone.

Who does the work:

- Front-line staff at each location

What manual checks catch:

- Obviously fake IDs
- Expired licenses
- Real IDs used by someone other than the true holder

What they miss:

- Licenses that *appear* valid but are actually suspended or revoked (including ones that became invalid between rentals)
- Identity issues that aren't visually obvious (e.g., high-quality fakes or someone using another person's real ID)
- Criminal-history signals tied to theft, fraud, or vehicle misuse
- Risk patterns that emerge only over time, such as repeated mismatches or suspicious booking activity across locations

What they look like in practice:

- Some operators rely solely on a visual inspection of the physical license, with no electronic or database validation
- Others use an ID card scanner to check for security features and detect signs of a fake ID
- Larger operators may run a Driver's License Data Validation (DLDV) check to confirm that the license number, name, and date of birth exist in DMV records

Automated KYD screenings

Business impact:

Operators prevent issues at the point of rental instead of reacting later. Approvals move faster, preventable losses drop, and decisions stay consistent across locations and channels, whether counter, kiosk, or self-service.

As more rentals shift into unattended flows, automated KYD provides the standardized, auditable verification operators need to support safer, more efficient expansion.

What they look like in practice:

- Real-time license checks confirm current status (valid / suspended / revoked) at booking or pickup
- Identity verification ensures the person presenting the ID matches the identity behind the license
- Instant, focused criminal checks flag theft- or vehicle-related risk
- Automated rules approve low-risk renters and route higher-risk cases to manual review
- A dashboard provides clear views of approvals, denials, exceptions, and audit trails

Who does the work:

- **Risk/Compliance** sets rules and thresholds
- **The KYD system** handles the heavy lifting
- **Operations** monitors outcomes

What automated KYC screenings catch:

- Suspended or revoked licenses *at the time of rental*
- Stolen or mismatched identities
- Renters with relevant theft-, fraud-, or vehicle-related criminal history
- Gaps caused by subjective judgments at the counter

Examples of high-risk criminal signals



Repeat DUIs



Auto theft or attempted theft



Hit-and-run charges



Active warrants



Fugitives / failure-to-appear cases



Documented cartel or organized-crime affiliation

What KYD doesn't attempt to do:

- Predictive risk modeling beyond provided signals
- Continuous monitoring between rentals

05. Designing a KYD program: policy & process blueprint

A good KYD program answers a simple question:
“Do we trust *this* renter with this vehicle right now?”

The goal isn’t to slow things down. It’s to make sure the right checks happen every time, protecting the fleet while keeping the line moving.

Defining the KYD policy

A KYD policy turns risk goals into clear rules. Most operators build around four core principles.

Design principle	Definition	Example in practice
Scope	Which renter types require which checks	Full screening (ID + license + criminal) for first-time renters; license-only for returning or corporate accounts
Frequency	How often to run checks	Automatic rescreens when triggers occur (new booking, address change, high-value rental)
Decision logic	Clear outcomes for every check	Auto-approve valid licenses; route suspended or restricted licenses to manual review
Fairness and transparency	Make sure renters understand what’s being checked	Include consent in the flow; provide a simple dispute/appeal option

Used consistently, these principles cut fraud, reduce incident rates, and speed up the rental counter.

A strong KYD setup does three things:

- 01 Defines *who* you screen and *how* deeply
- 02 Turns those rules into simple, repeatable steps
- 03 Makes every decision easy to explain if anyone asks “why?”

Keeping KYD policies up-to-date

A KYD program needs to be adaptable as fraud tactics change, data sources shift, and insurance requirements evolve.

Most operators watch for three common issues:

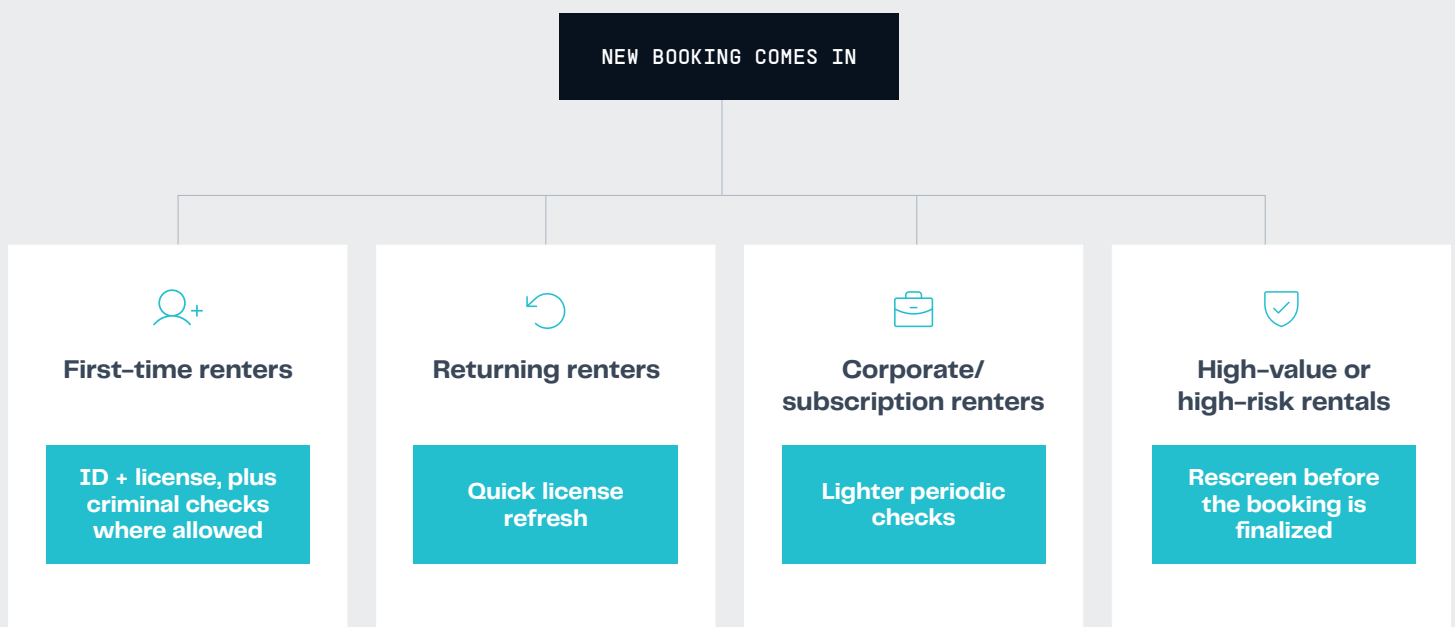
- | | | |
|--|--|---|
| <p>01 Policy drift
rules that no longer match today's risks</p> | <p>02 Over-automation
cases where a human should review unclear results</p> | <p>03 Confusing communication
renters unsure why they were flagged or how to fix the issue</p> |
|--|--|---|

Light, regular maintenance keeps the program accurate and defensible.

Putting the policy into practice

KYD doesn't need to be complicated. Most programs follow two simple ideas:

- | Screen *deeper* when the financial risk is higher
- | Screen *more often* when the renter relationship is newer



When tuning a KYD flow, operators usually align on three questions.

- 01 What level of screening keeps the fleet safe without slowing down good renters?
- 02 What events should trigger a re-check (new booking, after-hours pickup, high-value unit)?
- 03 When should automation decide on its own, and when should staff review?



Operational best practices

Policies only work if the system supports them. These elements help operators run KYD smoothly day-to-day.

Role-based access

Ensure only the relevant people see sensitive data

Reason codes

Standardize outcomes (expired license, pending case, restricted class)

Escalation flow

Build a clear decision tree

- auto-decision for straightforward cases
- manual review for exceptions
- final decision by a designated reviewer

Tunable thresholds

Adjust based on location, vehicle class, or insurer guidance

Performance tracking

Watch approval times, override rates, and bottlenecks

These practices keep decisions consistent, auditable, and easy to explain.

Integration across the ecosystem

Most operators connect KYD to the tools they already use: booking platforms, telematics systems, and identity/license-verification providers.

When KYD is embedded into these systems, every renter follows the same playbook: same checks, same

standards, same audit trail. No matter where the rental happens, decisions stay consistent. Checkr Trust supports this model by providing standardized data and decision logic across partners. The result is fewer losses, better insurance terms, and more vehicles earning instead of sitting in recovery or dispute.

06. Privacy, consent, and fairness

Good screening only works when people trust the process. Renters want to know what's being checked and why. Clear communication builds confidence in your business and keeps complaints and disputes to a minimum.

Communicating consent clearly

This isn't required, but it is good practice. Before running checks, it helps to give renters a short notice explaining:

✓ What's being checked

Explain what the screening focuses on, such as license validity, confirming the ID belongs to the renter, and/or limited safety-related checks tied to vehicle or theft risk.

✓ Why it's being checked

Clarify that screening is used to protect renters, vehicles, and staff, not to assess character, run credit checks, or make unrelated judgments.

✓ How long the data stays on file

Note that screening data is retained only as long as needed for safety and compliance, with access limited to authorized team members involved in rental decisions.

✓ How to fix an issue

Provide a simple way for renters to correct mismatches or errors, such as uploading updated documents or clarifying information when something doesn't align.

Managing data responsibly

KYD requires handling personal data, so operators should collect the minimum data required and guard it closely.

What good data hygiene looks like



Data minimization

Only capture what's required to confirm identity and license status



Clear retention schedules

Delete or anonymize old records on a set cadence (often a few months after the rental or dispute, unless rules require longer)



Role-based access

Ensure only trained staff see sensitive data



Audit logs

Track who looked at what, and when

These steps keep your operation protected and show partners you run a tight, trustworthy business.

Adverse and appeal communication

If someone is denied or asked for a conditional approval (deposit required, limited vehicle class, manual review), the explanation should be simple and respectful.

A clear, direct message helps renters understand what to do next and keeps the front of the house running smoothly.

Bias prevention and consistent decisions

Automated checks remove some inconsistency, but they can still repeat bias if the rules aren't maintained. A fair KYD program combines automation with periodic human review.



Helpful practices include the following.

Standard reason codes

One set of clear categories for approvals and denials

Regular calibration

Spot-check decisions across locations to keep outcomes consistent

Monitor false positives

Track cases where good renters were incorrectly blocked and adjust rules

Simple reporting tools

High-level trends (not personal data) to spot patterns or outliers

The bigger picture: fairness as an operational advantage

Fairness pays off in real ways: faster resolutions, cleaner documentation, and fewer issues with insurers down the line.

As KYD becomes more automated, these habits keep the system strong, defensible, and trusted by renters and staff alike.

07. Measuring ROI

For car rental operators, ROI isn't abstract; it's concrete, measurable, and tied directly to line items your CFO already watches: theft, damage, downtime, investigation hours, and claim volume. KYD moves these numbers in predictable, quantifiable ways. The fastest path to proving value is measuring the impact on the KPIs you already track.

What to measure

KYD affects one financial lever above all: **loss prevention**. These metrics map directly to P&L line items and provide a clear, defensible case for ROI. Most operators measure these as before-and-after changes once KYD is in place.

Loss-prevention metrics

These show whether KYD is stopping high-risk renters before they get the keys.



Incident rate

of theft, damage, or fraud events per 10,000 rentals



Fleet damage

% reduction in costly incidents tied to unverified or high-risk drivers



Suspended license approvals

% of attempted rentals blocked because the license was suspended/invalid



Vehicle downtime (loss of use)

total days of revenue lost because vehicles are tied up in repair, dispute, or recovery



Investigation and recovery costs

hours and dollars saved on recovery, towing, legal work, and staff investigation

Stronger performance across these metrics directly improves loss ratios, reduces insurance friction, and protects margin.

How to calculate ROI

You don't need a complex model. Most operators start with the KPIs they already track.

01 Use a 3–6 month pre-KYD baseline for thefts, damages, downtime, and investigation hours

02 Measure the same metrics again once KYD is live

03 Compare the deltas

04 Apply simple cost multipliers your finance team already uses, such as:

- average loss per theft
- average cost per day of vehicle downtime
- average staff cost per hour of recovery/investigation

Example: If downtime drops by 10 days/month and you value downtime at \$200/day, that's ~\$2,000/month in regained revenue.

Operators who measure quarterly get the clearest trend lines and avoid skewed results from seasonal swings.

What good early results look like

Early adopters often report:

| **Fewer thefts**

→ lower loss, towing, and recovery costs

| **Fewer damage events**

→ fewer repairs and faster return to revenue

| **More vehicles available**

→ higher daily revenue

Most operators see these gains within 60–90 days.

Operationalizing insight

Checkr Trust can automate much of this tracking: pulling screening outcomes, exception rates, and incident data into simple dashboards. Operators can see KYD's impact right alongside KPIs like utilization, downtime, and review efficiency.

For teams that want to quantify impact with their own numbers, Checkr Trust's **Driver Checks ROI Calculator** provides a quick way to estimate savings using your actual volumes, incident rates, and cost assumptions.

08. Proving the model: KYD in practice

Across thousands of rentals and millions of data points, Checkr Trust’s KYD system demonstrates what leading mobility operators already know: risk visibility is profit protection.

The example below uses an anonymized model built from trends seen across several large global rental operators. It illustrates how real-time license checks and safety-related signals can reduce theft, liability, and damage costs at scale.

Operator profile

This scenario reflects a typical large rental operator: a multinational brand with millions of annual rentals, a mix of short-term and long-term programs. These operators tend to run complex, high-volume locations—where fraud and high-risk activity can slip through manual checks.

Industry loss exposure (*before* KYD implementation)

Category	Annual exposure	Description
Rental theft	\$6 – 8M	Vehicles lost or unrecoverable after fraudulent or high-risk rentals
Fleet damage	\$25 – 30M	Collisions or damages from high-risk or ineligible renters
Vehicle downtime (loss of use)	\$3 – 10M	Lost revenue from vehicles that are unavailable for rental due to damage, disputes, or recovery processes
Investigation and recovery	\$15 – 18M	Legal, recovery, and administrative costs tied to theft events
Total exposure	~\$50 – 65M	Aggregate annualized loss across fleet operations

Intervention and methodology

To understand potential improvements, Checkr Trust modeled KYD-style screening using anonymized historical patterns from multiple operators. The model estimates how losses change when real-time license checks and basic safety-related risk signals are applied consistently at the point of rental.

Modeled impact across large operators

When KYD-style verification is applied, reductions commonly fall within the ranges below.

Category	Reduction	Annual savings	Description
Theft prevention	~15%	~\$0.9 – 1.2M	Fewer fraudulent rentals and unrecoverable vehicles
Fleet damage	~10%	~\$2.5 – 3M	Fewer collisions or damages involving high-risk renters
Vehicle downtime (loss of use)	~13%	~\$0.4 – 1.3M	Reduced loss-of-use days due to fewer incidents, disputes, or recovery delays
Investigation and recovery	~15%	~\$2.3 – 2.7M	Reduced investigation hours, towing, legal work, and recovery costs
Total annual savings		~\$6.1 – 8.2M	Aggregate improvement across all categories

These ranges show what's possible when high-risk renters are identified and stopped before they get behind the wheel.

Even under conservative assumptions, the results demonstrate that unified KYD screening pays for itself many times over. Theft incidents decline. Downtime shortens. Legal and administrative costs fall. The rental experience remains seamless, only safer.



09. Conclusion

Rental margins depend on two things: keeping vehicles earning and reducing preventable loss. KYD gives operators the real-time visibility to do both. By blocking suspended and invalid licenses, catching fraud early, flagging relevant criminal histories, and cutting down on manual review, teams see faster approvals, reduced vehicle downtime days, and far less time spent cleaning up issues after the fact.

Across large operators, these day-to-day improvements roll up to **\$6.1 – 8.2M in annual loss reduction**.

KYD screening reduces theft and liability exposure and keeps decisions consistent across locations—improving utilization, tightening loss ratios, and strengthening insurer confidence.

For teams ready to put this into practice, **Checkr Trust provides a unified screening layer** that brings identity verification, real-time license checks, criminal record screening, and automated decision rules into a single flow. It's one system, one audit trail, and one set of standards, no matter where the rental happens.

The fastest way to see how KYD fits into your operation is a short demo with the Checkr Trust team. We'd love to talk with you.

GET A DEMO

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