

Everything You Need to Know About GAP Insurance

ChoiceAutoInsurance.com

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GAP Insurance

Guaranteed Auto Protection Insurance (GAP) was originally created to protect customers from the high prices of new cars. If a customer gets into an accident and totals their car, resulting in a full loss of the vehicle most of the time gap insurance will kick in to cover the difference between what the current value of your car is and the loan that is still owed on the vehicle.

Do You Need GAP Insurance?

Anyone who has purchased an expensive vehicle should consider buying this type of insures, especially if it is new. Also, anyone who is leasing a car should have GAP insurance, usually it is required, but if not be sure to look into purchasing it.

Is GAP Insurance expensive?

People often decide not to go with GAP insurance because of how expensive it is. Purchasing a new car and adding \$650 or about 5% of your car's sticker price for GAP insurance can seem like a little much to pay all at once, but it's worth it. You would hate to drive a new car off the lot, have it stolen and not receiving the full value of the car from your insurance company. You can purchase GAP insurance up to 12 months after the purchase of your vehicle. Do not believe dealers who claim that you can only purchase it the day you buy your vehicle and from them only.

Where Is GAP Insurance Available?

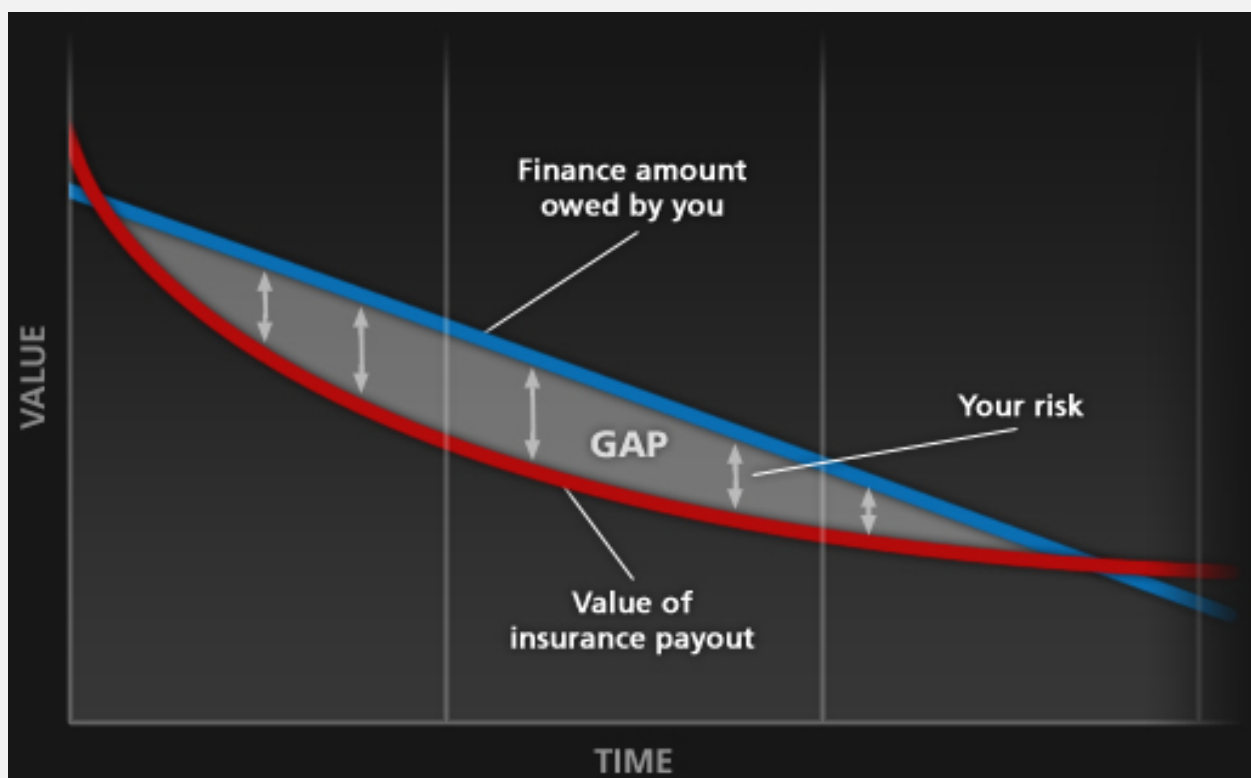
GAP insurance is available in most states, however not all. CT,LA,NH,NY,VA,VT and WA do not allow vehicle owners to carry this type of coverage. Most insurance companies have GAP insurance as an option, but not all, so be sure to ask before you decide on a company.

Who Should NOT Buy GAP Insurance?

Buyers who already have monthly payments layed out and are onto of making sure that they will not be making payments for a long period time. If this is your case than GAP insurance may not be worth purchasing. The cost of GAP insurance may be too high for the short amount of time you will be making payments.

Feeling Confused?

The chart below is a graph describing the way that GAP insurance works.



(Figure 1)

Lets say you just purchased the car of your dreams, but had to take out a slight loan to afford it. The blue line above represents the payment you are still making. As you are driving down the road with your brand new car you get into an accident. Your car is totaled. The red line represents the amount of money your insurance is willing to give you for the loss of your car in the accident. The gray area shows you the amount that GAP insurance would make up for you.

GAP insurance has the ability to save a car owner or lessor a large amount of money in the case of an accident. Ask your current insurance company if GAP insurance would be a good idea for you. If you are not currently insured, or do not have GAP insurance and feel as though it would be benefical visit www.ChoiceAutoInsurance.com for a free quote.

References

1.) Figure 1: Scania Insurance.2009.*Gap Insurance Graph*, [online image]. Retrieved October 30, 2009, from <http://www.scania.co.uk/>