Why should I have GAP?

Guaranteed Asset Protection (GAP) can be a valuable addition to your auto coverage. Here are several reasons why you might consider using GAP:

1. **Covers the "GAP" in Value:**

GAP is designed to cover the gap between the actual cash value (ACV) of your vehicle and the amount you owe on your auto loan or lease. This is particularly relevant if you have a new car that depreciates quickly in its early years.

2. **Protects Against Depreciation:**

Vehicles typically depreciate rapidly, especially during the first few years of ownership. If your car is totaled or stolen, the insurance payout is often based on the vehicle's depreciated value, which may be less than what you owe on your loan. GAP helps bridge this depreciation gap.

3. **Useful for Leased Vehicles:**

If you lease a vehicle, you're obligated to return it in good condition at the end of the lease term. GAP can be beneficial in case the leased vehicle is declared a total loss, ensuring you won't be responsible for covering the difference between the insurance payout and the remaining lease balance.

4. **Financial Protection:**

Without GAP, you could be left financially responsible for the outstanding loan balance if your car is declared a total loss. This situation can occur if your car is stolen, totaled in an accident, or damaged beyond repair.

5. **No Deductible Coverage:**

Unlike some auto insurance coverages, GAP often does not come with a deductible. This means that in the event of a total loss, the insurance payout is applied directly to the remaining loan balance without any out-of-pocket expenses for you.

6. **Secures Your Down Payment:**

If you made a significant down payment on your vehicle, GAP helps protect that investment. Without GAP coverage, you could lose your down payment if your car is declared a total loss.

7. **Useful for Financing with Low Down Payment:**

If you financed your vehicle with a low down payment or no down payment at all, the depreciation of the car's value can quickly outpace your payments. GAP provides added protection in such situations.

8. **Peace of Mind:**

Having GAP provides peace of mind, knowing that you are financially protected in case of an unfortunate event leading to the total loss of your vehicle.

While GAP can be beneficial in specific circumstances, it's essential to consider your individual situation, the value of your vehicle, and the terms of your auto loan or lease. Consult with your insurance provider or financial advisor to determine whether GAP is the right choice for you.

Remember, UBI Financial Credit Union is local and here for you! Please let us know how we can help with your banking and financial needs! 860-747-4152 or find us at www.UBIFCU.com