

# Guaranteed Asset Protection (GAP)

## What is GAP?

Guaranteed Asset Protection (GAP) protects a borrower against financial loss in the event their vehicle is a total loss in an accident or is stolen and never recovered. Since a vehicle's value declines as a result of depreciation, the loan balance can be higher than its actual cash value. Without GAP, the borrower would be responsible for paying the difference between the insurance settlement and the outstanding loan balance.

## Benefits to the Member

- Protects borrower's credit rating by waiving responsibility for the unpaid loan balance
- Eliminates or reduces out of pocket expenses for the remaining loan balance after loss settlement
- Borrower may purchase up to 1 year from effective date of loan
- Affordable and offered at a competitive price compared to other GAP providers
- Peace of mind

## Eligible Collateral and Rates

### AUTOMOBILES AND TRUCKS

Includes automobiles (SUVs, minivans), light-duty trucks

Loan Balance	Price
Up to \$24,999	\$499
\$25,000 - 49,999	\$699
\$50,000 and over	\$899

Excludes vehicles that exceed 1-ton capacity.  
Other restrictions may apply.

### BOATS

Excludes commercial boats, yachts, or ships

Loan Balance	Price
Up to \$24,999	\$699
\$25,000 - 49,999	\$1,049
\$50,000 and over	\$1,449

Other restrictions may apply.

### MOTORCYCLES AND SPORTS VEHICLES

Includes motorcycles, Jet Skis, golf carts, ATVs, snowmobiles

Loan Balance	Price
\$5,000 and over	\$399

Other restrictions may apply.

### RECREATIONAL VEHICLES (RV) AND TRAVEL TRAILERS

Excludes horse trailers

Loan Balance	Price
Up to \$24,999	\$699
\$25,000 - 74,999	\$1,249
\$75,000 and over	\$1,549

Other restrictions may apply.

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## How it Works

Let's say you owe \$15,000 on your vehicle, and it's totaled in an accident. After subtracting your deductible, the insurance company awards you \$12,000 for the damage. Without GAP, you would pay out-of-pocket to cover the remaining \$3,000 loan balance. With GAP, your remaining loan balance is paid.

WITHOUT GAP		WITH GAP	
Your loan balance	\$15,000	Remaining loan balance	\$3,000
Your insurance pays	- \$12,000	GAP benefit	- \$3,000
Remaining loan balance (out-of-pocket expense)	<u>\$3,000</u>	Out-of-pocket expense	<u>\$0</u>

## Exclusions

GAP does not cover:

- Collateral that has been totaled, rebuilt, or salvaged
- Loss occurring prior to the date of the GAP policy
- Intentional acts of the borrower resulting directly or indirectly from forgery or any dishonest, fraudulent, or criminal act
- Vehicles that exceed 1-ton capacity

## Statistics

- Every 25.5 seconds a vehicle is stolen
- The odds of a vehicle being stolen is 1 in 196
- When you drive your new car off of the dealer's lot, it immediately depreciates 10-15% of its value
- According to the National Safety Council, there are 12 million motor vehicle accidents every year
- If auto theft was legal, it would be in the top 50 of Fortune 500 companies, earning almost \$8 billion annually in the US alone

## How a GAP Claim is Settled

Farm Bureau Bank will process the GAP claim after the final settlement check is received from the insurance company. The member does not have to call to initiate the GAP claim process, however, the following documentation may be requested:

- Complete copy of primary insurance settlement
- Verification of the primary insurance deductible
- Copy of the police report in the case of an uncovered theft

If requested, fax or email documentation to: 210.637.4811 • [lendingservicing@farmbureaubank.com](mailto:lendingservicing@farmbureaubank.com)