



GAP Insurance FAQs

As of July 15, 2020

What is GAP insurance?

Guaranteed auto protection insurance (GAP) is an optional coverage that may be purchased when physical damage coverage (comprehensive and collision coverage) is included in your auto policy. GAP insurance provides valuable protection if you have a loan or a lease on your car. Not all insurers offer GAP coverage. GAP coverage is particularly important if you have purchased or leased a vehicle with little or no money down.

What does GAP insurance cover?

If your car is considered a total loss because of a collision, theft or other covered loss, GAP insurance generally will pay the difference between the actual cash value of the vehicle and the current outstanding balance on your loan or lease.

Isn't that covered by my automobile insurance?

No. When you purchase an auto insurance policy, you are only insuring your vehicle for its actual cash value (ACV), not the amount of the loan. If you suffer a loss in which your vehicle is deemed a total loss, your insurer will only pay the ACV. If you owe more than the ACV, you will be responsible to pay off the balance of the loan or lease.

Where can I purchase GAP coverage and how much does it cost?

Many factors may determine the cost. In many cases, you may purchase GAP insurance directly from your auto insurer. Contact your insurance producer (also known

as an agent or broker) or insurer to find out if they offer GAP coverage and to receive a quote. An alternative product known as a debt cancellation agreement can often be purchased at the dealer when you purchase or lease a vehicle through the lender or the dealer. Debt cancellation agreements are not insurance policies and are not regulated by the Maryland Insurance Administration. If you have a dispute concerning a debt cancellation agreement, you should contact the office of the Attorney General's Consumer Protection Division at 410-528-8662.

Can you get GAP insurance after you purchase a car?

You should check with your auto insurer or insurance producer to find out if you can obtain GAP insurance after your purchase.