

Loan Gap Lease Coverage



Loan Gap Lease Coverage is essential for anyone financing or leasing a new car. As soon as you drive off the lot, your car's value begins to depreciate, potentially creating a gap between what you owe and the car's current value. In the unfortunate event that your car is totaled or stolen, your standard auto insurance will cover the actual cash value (ACV) of the vehicle, minus your deductible.

However, this payout might not be enough to cover the remaining balance on your loan or lease. This is where Loan Gap Lease Coverage comes in—it bridges the gap between the insurance payout and the remaining loan or lease balance. For instance, if you owe \$20,000 on your loan but your car's ACV is only \$17,000, gap insurance would cover the \$3,000 difference. This coverage is particularly beneficial if you have a high loan balance, made a small down payment, or leased the vehicle, as it prevents you from having to pay the remaining balance out of pocket.



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