

## Who Needs Gap Protection?

If you're "upside down" on your auto loan--your car is worth less than what you still owe on it--and your car is totaled or stolen, you may have to continue making loan payments on a vehicle you no longer can drive.

There's a special type of protection, called gap (guaranteed asset protection) coverage, designed to cover situations like this.

Except in a few states, gap protection is not, technically, insurance, though it's commonly referred to as such. It's actually a debt cancellation agreement. It waives the section of your financing agreement that holds you responsible for the difference between the value of your totaled car and your remaining loan balance. Regardless of what it's called, this coverage satisfies your liability to pay the gap.

As more buyers put little or no money down, roll an unpaid balance on their old car loan into the new loan, or take out an extended-term loan of 60 months or longer, the need for gap coverage is increasing.

Shop around for gap coverage. Compare credit union rates with other offers. Dealerships rarely offer the best price, and although the Internet makes shopping easy and convenient, thoroughly research the company behind the offer before you send money or provide information such as your credit card, driver's license, or Social Security number. If you purchase coverage from your auto insurance carrier, it's your responsibility to calculate when you're out of the hole--when you've closed the gap by paying down your loan. If you forget to contact your agent to remove the extra coverage, you'll pay for protection you no longer need.

**If you think you need gap coverage, call us today at [412-469-0410].**

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Editor's note: A feature-length version of this article appears by February 2005 in Home & Family Finance Resource Center, the online content source for credit unions. Use this excerpt to send members to your Web site to read that article. For information, or to order, see <http://buy.cuna.org/static/hffrc.html>, or call 800-348-3646.