



# GAP INSURANCE

# It pays to mind the gap

## How to avoid losing cash when claiming for your car

**NEXT to buying a house, the second largest outlay in most people's lives is their vehicle.**

Whether it's a car, truck, light van or motorbike and whether it's new or second-hand, from day one it becomes the new owner's pride and joy.

Unfortunately, it's a sad reality that as soon as you take possession and drive away from the showroom, your shining new set of wheels starts to plummet in value.

And while we all accept that as a fact of life, it's when the unexpected happens that things can go expensively wrong.

Let's suppose after a year, your vehicle is stolen or written off in a crash, how much do you think your insurance company will pay out to recompense you for your loss?

Well, the bad news is that they will pay only what the current value of your vehicle is according to trade bibles such as Glass's Guide.

This means you may not receive back what you paid for your vehicle.

List prices may have gone up or perhaps you got something of an extra-special deal on your vehicle which is no longer available. And should you have taken a loan to buy

the vehicle, what about the interest you might still have to pay your finance company?

Well, the good news is that these scenarios can be insured against, so in the event of your vehicle being written off or stolen, ALA can help, preventing a financial shortfall if your vehicle is written off.

Gap insurance can usually be purchased from the dealer supplying your vehicle, but it's always best to check around to see what other offers are available.

Like most other types of insurance, the cheapest deals and in some cases best policies are usually found online.

Specialist Gap insurance providers such as ALA offer different kinds of beneficial cover.

Return to Invoice Insurance (RTI) or Back to Invoice (BTI), covers the difference between the insurance payout and the original purchase invoice price or the outstanding settlement figure owed to your car finance company - whichever is the greater.

It pays out up to the claim limit chosen and can be purchased for both brand new and second-hand vehicles.

Secondly, Vehicle Replacement Insurance, or VRI, covers the cost of a replacement car even when it has gone up



example, one Ford dealer offered their cheapest RTI policy on a new Fiesta 1.4 Zetec at £349, while one online quote worked out at just £89.

To be fair, dealers don't sell as much Gap cover as third party insurers, so it's more expensive for them to underwrite.

But it's important to choose a policy to suit your needs.

Price is only one thing to consider, but the terms of the policy you take out are equally important.

Tom Barley, says: "In the event of a vehicle write-off, motorists usually suffer some degree of depreciation loss because fully comprehensive insurers will only pay the retail market value at the time of loss.

"All Gap insurance types offer a range of periods and levels of cover to suit each individual need."

Also, check the basis of claims settlements. This includes excesses and how the vehicle will be valued in the event of a loss.

As Simon England, from ALA, advises: "Our customers want a transparent and reliable policy that guarantees to pay the difference from the insurers settlement figure, without hidden clauses, ensuring they have protected their investment wisely."

But remember, Gap cover is non-renewable and you'll only be able to cover your car once, so you've got to get it right from the outset.

That way, you will be able to sleep easy at nights knowing your pride and joy is fully covered for every eventuality.

in price. It is worth noting the age of cars different policies cover. Finally, Finance Gap Insurance covers the difference between the insurance payout and the full amount left on a finance deal.

Some companies also offer the opportunity to purchase combined policies which cover the difference between the motor insurer's settlement and either the original invoice price, the replacement cost of the vehicle or cover the outstanding settlement figure owed to your car finance company - whichever is the greater.

And prices can vary greatly. For