



All **Payable Loss** claims must be reported to **Our GAP Administrator** within ninety (90) days of receiving settlement from the **Primary Carrier**; or if no **Primary Carrier** coverage is in effect on the **Date of Loss**, within ninety (90) days of the accident or theft. **Payable Loss** will not be considered if the claim is not reported within these stated time periods.

#### RIGHT TO CANCEL

The **Customer/Borrower** has the unconditional right to cancel this **GAP Addendum** for a refund/credit of any unearned portion of the purchase price at any time. For cancellations within sixty (60) days of the **GAP Addendum** purchase, a full refund/credit of the **GAP Addendum** purchase price will be given; as long as no losses have occurred. For cancellations after sixty (60) days of the **GAP Addendum** purchase, a pro-rata refund/credit of the **GAP Addendum** purchase price, less a fifty dollar (\$50.00) cancellation fee (unless otherwise required by law), will be given. NOTE: All charges will be refunded to the financial institution/lender, and cancellation requests cannot be processed while a claim is under consideration. To initiate cancellation, the **Customer/Borrower** must submit their request to the **GAP Administrator**, in writing, at the address shown above. If the **Customer/Borrower** does not receive the refund/credit within sixty (60) days of notice of cancellation/termination, they will need to contact the **GAP Administrator**.

#### LIMITATIONS

- A. No **GAP Addendum** will be issued and/or be valid with respect to a **Covered Vehicle** if any of the following exceeds \$125,000:
  1. **MSRP** of such **Covered Vehicle**;
  2. **NADA** retail value of such **Covered Vehicle**; or
  3. Amount of financing on such **Covered Vehicle**.
- B. Notwithstanding the **Payable Loss** and the **Maximum Payable Loss**, no coverage is provided for that portion of the **Net Payoff** resulting from any amount financed in excess of the **Maximum Vehicle Financing Percentage**. Therefore, if the original amount financed exceeds the **Maximum Vehicle Financing Percentage**, the **Net Payoff** will be recalculated as if the original amount financed were equal to the **Maximum Vehicle Financing Percentage**.
- C. The **Payable Loss** for a **Financing Contract** with terms greater than the **Maximum Term** will be based on a **Net Payoff** calculated using the **Maximum Term**.
- D. No coverage is provided for a **Financing Contract** that does not have uniform monthly repayment terms for the full period of the financing agreement (except for balloon loans with uniform payments) and/or for a **Financing Contract** that is **Self-Financed**.
- E. The charge for this **GAP Addendum** will be deemed fully earned and no refund will apply when the **Covered Vehicle** is declared a **Total Loss** (state exceptions apply).

#### LOSS DOCUMENT PROCEDURES

In the event of a **Constructive Total Loss**, the **Customer/Borrower** must notify and provide all of the following to the **GAP Administrator** (at the address shown above): 1. a complete copy of the **Primary Carrier** settlement, including the valuation report; 2. a copy of the original **Financing Contract** and this **GAP Addendum** contract; 3. a copy of the accident/police report; 4. a copy of the **Covered Vehicle's** automobile insurance policy; 5. a copy of the complete payment history, including payoff from the financial institution as of the **Date of Loss**; 6. a copy of the **Primary Carrier** settlement check; 7. a copy of the **Covered Vehicle's** original bill of sale; and 8. any additional reasonable documentation requested by either the **GAP Administrator** or **Us**. Neither the **GAP Administrator** nor **We** will obtain this information for the **Customer/Borrower**. The **GAP Administrator** must receive this documentation within ninety (90) days of settlement by the **Customer/Borrower's Primary Carrier**, or if no **Primary Carrier** coverage is in effect on the **Date of Loss**, within ninety (90) days of the accident or theft. **Constructive Loss** will not be considered if this documentation is not provided to the **GAP Administrator** within this stated time period.

#### ASSIGNMENT

This **GAP Addendum** will follow the **Financing Contract** with no subrogation rights against the **Customer/Borrower**, if the loan or lease is sold or assigned by the dealer/creditor.

#### DEFINITIONS

**Actual Cash Value (ACV)** – The retail value of the **Covered Vehicle** on the **Date of Loss**, as listed in a national or regional guide (i.e. **NADA**), or at the **GAP Administrator's** sole discretion, the **GAP Administrator** may use an equivalent national or regional guide for the **Territory** in which the **Covered Vehicle** is principally garaged. For a **Covered Vehicle** that has no retail value available, or is located in a **Territory** where the **NADA** or an equivalent national or regional guide is not customarily used, **ACV** will be determined using the best information available to the **GAP Administrator**, or which the **GAP Administrator** reasonably believes accurately reflects the retail value of the **Covered Vehicle** and is customarily used as the basis for establishing **ACV** for a vehicle in the **Territory** of the **Covered Vehicle's** location.

**Constructive Total Loss** – A direct and accidental **Payable Loss** of or damage to a **Covered Vehicle** for which the following criteria apply: 1. the total cost to repair the **Covered Vehicle** is greater than the **ACV** of the **Covered Vehicle** immediately prior to the **Date of Loss**; or 2. the **Covered Vehicle** is stolen and is not recovered within thirty (30) days from the date a police report was filed and the **Customer/Borrower's Primary Carrier** declares the **Covered Vehicle** a total loss. If there is no primary insurance coverage, the **Covered Vehicle** must be available for the **GAP Administrator's** inspection or appraisal to determine if the **Covered Vehicle** is a **Constructive Total Loss** at the Administrator's expense. If the **Covered Vehicle** is not available for inspection or appraisal the claim will not be processed.

**Covered Vehicle** – Any four-wheel private passenger automobile, van, or light truck, as described in the **Financing Contract** that is used for personal transportation purposes.

**Commercial Use** – Under this **GAP Addendum** includes, but is not limited to any vehicle under 15,000 lbs and is used in the furtherance of a commercial enterprise, including but not limited to the following: A) A business name is permanently displayed on the vehicle; B) The vehicle is used for a business purpose more than fifty percent (50%) of the week; C) The primary insurance for the vehicle is a business auto policy or commercial vehicle policy. Share-the-expense car pools are not considered commercial purpose under this **GAP Addendum**.

**Customer/Borrower** – The person to whom **We** have extended financing for the purpose of purchasing or leasing the **Covered Vehicle**.

**Date of Loss** – The date on which the **Covered Vehicle** is reported stolen or incurs physical damage that is severe enough to constitute a **Constructive Total Loss**.

**Delinquent Payment** – Any payment, as described in the **Financing Contract**, that remains unpaid for a period of more than thirty (30) days after the due date stated in the **Financing Contract**. The **Delinquent Payment** will be determined as of and limited to amounts past due on the **Date of Loss**.

**Financing Contract** – The contract that represents the financing agreement between the **Customer/Borrower** and the financial institution/lender for the purchase or lease of the **Covered Vehicle** and that explains the terms, conditions, inception date, and expiration date of such contract.

**Authorized Dealer** – A dealer that is part of a franchise organization.

**GAP Addendum** – this Guaranteed Automobile Protection contract.

**Maximum Eligibility Limit** – With regard to new vehicles, the **MSRP** of \$125,000, and with regard to used vehicles, the **NADA** retail value of \$125,000 or a maximum financing amount of \$125,000.

**Maximum Payable Loss** – The maximum possible amount that **We** will waive under the terms and conditions of this **GAP Addendum**, as shown on the first page of this **GAP Addendum** contract.

**Maximum Term** – the duration in months shown on the first page of this **GAP Addendum** contract, under the box labeled "**Maximum Term of GAP**".

**Maximum Vehicle Financing Percentage** – the portion of the financing on the **Covered Vehicle** (if any) up to 150% of the **MSRP** (for new vehicles) / **NADA** (for used vehicles) of the **Covered Vehicle**.

**MSRP** – Manufacturer's Suggested Retail Price.

**NADA** – National Automobile Dealers Association.

**Net Payoff** – The amount of the financial institution/lender's interest as of the **Date of Loss**, as represented by the portion of the **Customer/Borrower's** unpaid balance according to the original payment schedule of the **Financing Contract** that is secured by collateral subject to the Limitations of this **GAP Addendum**. The amount does not include any unearned finance charges; lease or loan charges; late charges; any **Delinquent Payments**; uncollected service charges; refundable prepaid taxes and fees; disposition fees; termination fees; penalty fees; the recoverable portion of financed insurance charges; or the recoverable portion of financed amounts for unearned insurance premiums or refundable charges (including, but not limited to credit life, vehicle service coverages/warranties and guaranteed automobile protection charges) that are owed by the **Customer/Borrower** on the **Date of Loss**; and amounts that are added to the loan or lease balance after the inception date of the **Financing Contract**. The **Net Payoff** calculation also excludes loans or special finance offers that may waive or delay payment of principal and or finance charges.

**Payable Loss** – The difference between the **Net Payoff** and the **Primary Carrier** settlement on the **Covered Vehicle** on the **Date of Loss**. The **Payable Loss** is subject to the **Maximum Vehicle Financing Percentage** and will not exceed the **Maximum Payable Loss**, as listed on the first page of this **GAP Addendum** contract. **Payable loss** includes the amount of the **Customer/Borrower's** physical damage deductible on the **Primary Carrier's** policy up to \$1,000. If there is no **Primary Carrier** coverage in effect on the **Date of Loss**, or if the **Primary Carrier** is declared insolvent, **We** will only waive the difference between the **Net Payoff** and the **ACV** of the **Covered Vehicle** as of the **Date of Loss**.

**Primary Carrier** – The insurance company that is selected by the **Customer/Borrower** to provide physical damage coverage on the **Covered Vehicle** or that provides liability coverage to any person who has caused the **Covered Vehicle** to incur a **Constructive Total Loss**.

**Self-Financed** – A loan/lease that is funded and retained by the selling dealer or an affiliate.

**Successor in Interest** – The party to whom the creditor has assigned his rights and interest in the **Covered Vehicle's Financing Contract**.

**Territory** – coverage under this **GAP Addendum** applies only to **Payable Losses** sustained while the **Covered Vehicle** is within: 1. the United States of America (U.S.A.), its territories or possessions; 2. Canada; or 3. being transported between any of the previously stated.

**CONDITIONS**

Exclusions – This **GAP Addendum** will not provide coverage for loss:

1. RESULTING FROM **PAYABLE LOSSES** OCCURRING PRIOR TO THE EFFECTIVE DATE OF THIS **GAP ADDENDUM**.
2. DUE TO CONFISCATION OF **COVERED VEHICLE** BY A GOVERNMENT BODY OR PUBLIC OFFICIAL.
3. CAUSED BY THEFT, UNLESS THE **CUSTOMER/BORROWER** OR FINANCIAL INSTITUTION/LENDER FILES A POLICE REPORT.
4. RESULTING FROM A **COVERED VEHICLE** BEING OPERATED, USED, OR MAINTAINED IN ANY RACE, SPEED CONTEST, OR OTHER CONTEST.
5. TO A **COVERED VEHICLE** HELD AS SECURITY UNDER ANY WHOLESALE, FLOOR PLAN, FIELD WAREHOUSE, OR ANY TYPE OF FINANCING MADE TO A DEALERSHIP.
6. TO THE FOLLOWING VEHICLES WHICH ARE EXCLUDED FROM COVERAGE: ANY VEHICLE IN EXCESS OF 15,000 POUNDS GVW, DAEWOO, BENTLEY, LAMBORGHINI, LOTUS, MASERATI, FERRARI, ROLLS ROYCE, YUGO, ASTON MARTIN, RV'S, BOATS, ATV'S, SNOWMOBILES, MOTORCYCLES AND TRAILERS.
7. TO A **COVERED VEHICLE** WITH A **FINANCING CONTRACT** IN WHICH THE CAPITALIZED COST OR TOTAL AMOUNT FINANCED IS MORE THAN THE AMOUNT SHOWN IN LIMITATIONS ITEM A. AT THE INCEPTION DATE OF THE **FINANCING CONTRACT**.
8. FOR ANY LOSS AMOUNT ATTRIBUTABLE TO OTHER THAN THE STANDARD OR OPTIONAL EQUIPMENT AVAILABLE FROM THE MANUFACTURER OF THE **COVERED VEHICLE**, INCLUDING BUT NOT LIMITED TO: SPECIAL CARPETING, FURNITURE, BARS, AUDIO, VIDEO, OR DATA EQUIPMENT, COOKING AND SLEEPING FACILITIES, CUSTOMIZED PAINT, OR ANY EQUIPMENT INSTALLED TO OVERCOME A PHYSICAL HANDICAP. FACTORY APPROVED CONVERSION PACKAGES AND DEALER INSTALLED OPTIONS USUALLY INCLUDED IN USED CAR VALUE GUIDEBOOKS ARE NOT EXCLUDED.
9. OCCURRING AFTER THE **COVERED VEHICLE** HAS BEEN REPOSSESSED BY A FINANCIAL INSTITUTION/LENDER OR PLACED IN A FINANCIAL INSTITUTION/LENDER'S POSSESSION OR IN POSSESSION OF A FINANCIAL INSTITUTION/LENDER'S EMPLOYEES OR AGENTS.
10. FOR ANY AMOUNTS DEDUCTED FROM THE **PRIMARY CARRIER'S** SETTLEMENT DUE TO WEAR AND TEAR, MECHANICAL OR ELECTRICAL BREAKDOWN OR FAILURE, PRIOR DAMAGE, UNPAID INSURANCE PREMIUMS, SALVAGE, TOWING AND STORAGE AND OTHER CONDITION ADJUSTMENTS.
11. TO A **COVERED VEHICLE** WITH A SALVAGE OR REBUILT TITLE AT THE TIME OF SALE OR FOR WHICH TITLE HAS BEEN CHANGED OR RE-ISSUED AS SALVAGE OR REBUILT PRIOR TO THE **DATE OF LOSS**.
12. RESULTING DIRECTLY OR INDIRECTLY FROM ANY FRAUDULENT, DECEPTIVE, ILLEGAL OR CRIMINAL ACT BY THE **CUSTOMER/BORROWER**, WHETHER ACTING ALONE OR IN COLLUSION WITH OTHERS.
13. FOR THE AMOUNT OF ANY FINAL BALLOON LOAN PAYMENTS OR LEASE RESIDUAL VALUE PAYMENTS, UNLESS THE LOAN/LEASE WAS REPORTED TO US AS A BALLOON LOAN OR LEASE AND THE APPROPRIATE PREMIUM PAID.
14. IF THE **CUSTOMER/BORROWER** PURCHASED COVERAGE AFTER THE EFFECTIVE DATE OF THE LOAN.
15. TO A VEHICLE USED FOR COMMERCIAL PURPOSES UNLESS THE **COMMERCIAL USE** COVERAGE OPTION IS ELECTED AND THE SURCHARGE IS PAID.
16. TO A VEHICLE UTILIZED AS A TAXI OR FOR LIMOUSINE OR SHUTTLE SERVICES WHERE COMPENSATION IS PROVIDED FOR THOSE SERVICES. TRAILERS, SPECIAL COMMERCIAL USAGE OPTIONAL EQUIPMENT, ACCESSORIES, AND BODY COMPONENTS ARE EXCLUDED FROM COVERAGE UNDER THIS **GAP ADDENDUM**.

**ARBITRATION**

It is understood and agreed that the transaction evidenced by this **GAP Addendum** takes place in and substantially affects interstate commerce. Any controversy or dispute arising out of or relating in any way to this **GAP Addendum** or the sale of this **GAP Addendum**, including any controversy or dispute for recovery of any claim under this **GAP Addendum**, including the applicability of this arbitration provision or the validity of this **GAP Addendum**, shall be resolved by neutral binding arbitration on an individual basis without resort to any form of class action or any other collective or representative proceeding by the American Arbitration Association (AAA), under the AAA Commercial Arbitration Rules in effect at the time the claim is filed. All preliminary issues of arbitration will be decided by the arbitrator. If the **Customer/Borrower** and We mutually agree on arbitration, then:

1. The arbitration shall take place in the **Customer/Borrower's** county of residence unless another location is mutually agreed upon by the parties. The arbitration shall take place before a single arbitrator selected in accordance with the AAA Commercial Arbitration Rules. AAA Commercial Arbitration rules and forms may be obtained and all claims shall be filed at [www.adr.org](http://www.adr.org) or at any AAA office.
2. The cost of the arbitration shall be borne by **Us** except that each party must bear the cost of filing and the cost of its own attorneys, experts and witness fees and expenses. The **Customer/Borrower** may seek a waiver of the filing fee under the applicable AAA Commercial Arbitration rules. If the arbitrator holds that a party has raised a dispute without substantial justification, the arbitrator shall have the authority to order that the cost of the arbitration proceedings be borne by the other party.
3. It is understood and agreed that the arbitration shall be binding upon the parties, that the parties are waiving their right to seek remedies in court, including the right to a jury trial. The **Customer/Borrower** will not be able to participate as a representative or member of any class of claimants. An arbitration award may not be set aside in later litigation except upon the limited circumstances set forth in the Federal Arbitration Act. An award in arbitration will be enforceable under the Federal Arbitration Act by any court having jurisdiction.
4. All statutes of limitations that would otherwise be applicable shall apply to any arbitration proceedings.
5. If any portion of this arbitration provision is deemed invalid or unenforceable, the remaining portions of this arbitration provision shall nevertheless remain valid and in force. In the event of a conflict or inconsistency between this arbitration provision and the other provisions of this agreement or any prior agreement, this arbitration provision shall govern.

**FRAUD AND MISREPRESENTATION**

This **GAP Addendum** is issued in reliance upon the accuracy of all representations made by the **Customer/Borrower**. We will not consider a claim as to any loan or lease where the **Customer/Borrower**: 1. Intentionally concealed or misrepresented any material fact; 2. Engaged in fraudulent conduct; or 3. Made a false statement relating to submitting a claim. If the **Customer/Borrower** has concealed or misrepresented any material fact(s) concerning this coverage, or in case of fraud, attempted fraud, or the false swearing by affecting any matter relating to this coverage, whether before or after **Payable Loss**, this **GAP Addendum** may be voided and all charges will be returned, less a \$50.00 processing fee.

**STATE PROVISIONS**

The program **Administrator** complies with all federal, state, and local statutes, rules, regulations, ordinances and other provisions of law relating to its duties.

The content herein is limited by its size and is provided for reference purposes only.

**STATE PROVISIONS**

Kansas, Louisiana, New Hampshire, New Mexico, Vermont and Wisconsin: Solely with respect to any **GAP Addendum** delivered in the foregoing states, the \$50.00 cancellation fee and processing fee stated in the Right to Cancel provision and the Fraud and Misrepresentation provision is not applicable.

**Alaska:** Solely with respect to any **GAP Addendum** delivered in Alaska, **Payable Loss** does not include the amount of the **Customer/Borrower's** physical damage deductible under the **Primary Carrier's** policy.

**Illinois:** Solely with respect to any **GAP Addendum** delivered in Illinois on a lease **Financing Contract**, **Payable Loss** does not include the amount of the **Customer/Borrower's** physical damage deductible under the **Primary Carrier's** policy.

**Kansas: Coverage under this GAP Addendum may not cancel or waive the entire amount owing at the time of a Constructive Total Loss.** "Actual Cash Value" is defined as the value established by the **Primary Carrier**. If there is no **Primary Carrier** at the time of loss, the market value of the **Covered Vehicle** will be determined by the National Automobile Dealers Association (NADA) Official Used Care Guide or equivalent. You may contact the Office of the State Bank Commissioner, 700 S.W. Jackson #300, Topeka, KS 66603, (785) 296-2266 or toll free 1-877-387-8523 with any questions or complaints.

**Louisiana: "Payable Loss"** is defined as the consumer's deficiency balance between the **Net Payoff** of the consumer's loan retail installment sales contract at the time of a loss and the amount paid by the consumer's primary insurance after a vehicle is deemed a total loss due to any direct or accidental physical damages or un-recovered theft. In the event that there is no **Primary Carrier** coverage in effect on the **Date of Loss**, or if the **Primary Carrier** is declared insolvent, we will only waive the difference between the **Net Payoff** and the **ACV** of the **Covered Vehicle** as of the **Date of Loss**.

CONDITIONS, Exclusions Item 10. is replaced as follows: For any amounts deducted from the **Primary Carrier's** settlement due to mechanical or electrical breakdown or failure, prior damage, unpaid insurance premiums, salvage, towing and storage and other condition adjustments.

**Nebraska:** This **GAP Addendum** is not insurance and is not regulated by the Department of Insurance.

**New Hampshire:** In the event the **Customer/Borrower** does not receive satisfaction under this contract, the **Customer/Borrower** may contact the New Hampshire Insurance Department at the following address and telephone number: New Hampshire Insurance Department, 21 South Fruit Street, Concord, NH 03301. Telephone number (603) 271-2261, Fax number (603) 271-1406. The obligations of the issuing dealer/creditor under this **GAP Addendum** are covered by a policy issued by Wesco Insurance Company, 59 Maiden Lane, 6th Floor, New York, NY 10038, 1 (866) 505-4048. In the event the issuing dealer/creditor does not provide consideration due or make a refund, within sixty (60) days after a **Constructive Total Loss** has been filed or a refund has been requested, the **Customer/Borrower** may apply directly to Wesco Insurance Company for any protection afforded under this **GAP Addendum**.

**North Carolina:** Solely with respect to any **GAP Addendum** delivered in North Carolina, if the cancellation of this **GAP Addendum** occurs as a result of a default under the **Financing Contract** or the repossession of the **Covered Vehicle** associated with the **Financing Contract** or any termination of the vehicle **Financing Contract**, any refund due may be paid directly to the financial institution/lender as a reduction of the overall amount owed under the **Financing Contract** unless the **Customer/Borrower** can show that the **Financing Contract** is paid in full.

**Tennessee:** Solely with respect to any **GAP Addendum** delivered in Tennessee, please be advised that the cost of this **GAP Addendum** is not regulated and the **Customer/Borrower** have the responsibility to determine whether the cost of this **GAP Addendum** is reasonable in relation to the protection afforded by this **GAP Addendum**.

**Utah:** This addendum is subject to limited regulation by the Utah Insurance Commissioner and a complaint regarding this addendum may be submitted to the Commissioner at the Utah Department of Insurance, State Office Building, Room 3110, Salt Lake City, UT 84114.

**Vermont:** Solely with respect to any **GAP Addendum** delivered in Vermont, please note that **We** must assign, sell or transfer, within 15 business days, the **Financing Contract** to a financial institution/lender as defined in subdivision 11101(32) of Title 8 or a credit union or entity licensed under subdivision 2201(a)(1) or (3) of Title 8 or this **GAP Addendum** is void and the **Customer/Borrower** will receive a full refund of the charges of this **GAP Addendum**.

**Washington:** Solely with respect to the **GAP Addendum** delivered in Washington, if the cancellation of this **GAP Addendum** occurs as a result of a default under the **Financing Contract** or the repossession of the **Covered Vehicle** associated with the **Financing Contract**, any refund due may be paid directly to the financial institution/lender. Any cancellation refund may be applied by the financial institution/lender as a reduction of the overall amount owed under the **Financing Contract**, if the cost of this **GAP Addendum** was included in the financing of the **Covered Vehicle**.

**Wisconsin:** Solely with respect to any **GAP Addendum** delivered in Wisconsin, the Arbitration provision is amended as follows: The second sentence is deleted in its entirety and replaced with the following: "Any controversy or dispute arising out of or relating in any way to this **GAP Addendum** or the sale of this **GAP Addendum**, including any controversy or dispute for recovery of any claim under this **GAP Addendum**, shall be resolved by neutral binding arbitration on an individual basis without resort to any form of class action or any other collective or representative proceeding by the American Arbitration Association (AAA), under the AAA Commercial Arbitration Rules in effect at the time the claim is filed." The sentence: "All preliminary issues of arbitration will be decided by the arbitrator." is deleted. Class Action or any other collective or representative claims are not prohibited under this provision. If any portion of this arbitration provision is deemed invalid or unenforceable, the remaining portions of this arbitration provision will remain valid to the extent not prohibited by the Wisconsin Consumer Act.

In addition, and solely with respect to any **GAP Addendum** delivered in Wisconsin, the **Customer/Borrower's** Right to Cancel provision is amended to include the following at the end thereof: "Notwithstanding the foregoing, a cancellation refund within the first thirty (30) days will also include the amount of the applicable finance charge."