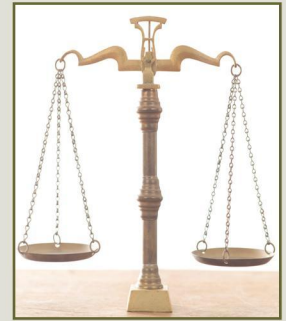


THE CHRISTENSEN LAW FIRM

PERSONAL INJURY NEWSLETTER



GAP INSURANCE: WHAT IS IT? WHEN DO I NEED IT? AND HOW DO I GET IT?

You're sitting in your car listening to James Taylor on the radio as you wait for the red light to change, when the kid behind you looks down to change the song on his iPod and slams into the back of your car. The insurance company sends an adjuster out to inspect the damage. A settlement offer arrives in the mail two days later, but the insurance company is offering \$2,800 less than what you owe on your loan, what can you do?

Most Americans have never heard about gap insurance and if they have, they probably heard about it after an accident and wondered why no

“A settlement offer arrives in the mail two days later but the insurance company is offering \$2,800 less than what you owe...”

one told them about it earlier.

Gap Insurance is a small insurance policy on your car loan that kicks in when the amount the insurance company will pay for your totaled or stolen car is less than what you actually owe on the loan or lease. Unfortunately, most car dealers or auto loan officer leave Gap Insurance out of the sales agreement or loan documents without asking you if you want it. If you don't have it, you could be upside down on your loan for an accident you didn't cause. Here's what you need to know next time you buy a car:

- Always ask the sales representative and the

loan officer if Gap Insurance is included in your loan or purchase price.

- Always get Gap Insurance if you are leasing or financing at least 70% of the value of the car.

Insurance companies will only pay what your vehicle is worth at the time of the collision. If it turns out the deal you got from the dealership wasn't a deal at all (Insurance companies value cars based on similar cars in your market, check with autotrader.com or your local classifieds for the current value of your car) or you rolled debt from your last car into your current auto loan, gap insurance will save you money if your car is totaled or stolen.

Contact your lien holder to find out if gap insurance was included in your loan. If it wasn't, most lien holders will let you add gap insurance (even if you didn't get the coverage when you bought the car) since they would lose the collateral for their loan if the car is totaled in an accident. If your lien holder doesn't offer gap insurance there are numerous insurance providers online that provide independent policies. Just make sure they have top marks from one of the rating services such as A.M Best, Standard & Poor's or TheStreet.com Ratings. Most gap insurance policies average \$5 to \$10 a month. You may never need to use it but for the price, it's a good thing to have!



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“Service With Integrity and Compassion When You've Been Injured”

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