

Target market:

This policy is designed for UK registered companies operating **3** or more vehicles who wish to protect themselves and their vehicles against a financial shortfall occurring following a total loss. This policy will provide a benefit to all eligible vehicles on the fleet no matter if they are financed, leased or owned outright. We will cover cars, vans and trucks up to 44 tonnes.

Outline of the cover:

In the event a vehicle is the subject of a total loss Fleet GAP will (up to the specified sum insured):

- Increase the motor insurer's total loss settlement by 25% (settlement paid to the insured);
- OR
- Pay the difference between the motor insurer's total loss settlement figure and the outstanding amount owing to the finance/lease company (settlement paid to the finance company).

Whichever calculation is the greater.

In addition we will, on approval of a claim, provide the insured with a temporary replacement vehicle for up to 42 days. This additional cover applies to cars and light vans up to 3.5t GVW.

Why you may require Fleet GAP:

- More businesses are turning to long term leases for their vehicles.
- The **termination charge** applied by lease companies can be severe and in **some instances 100%** of outstanding rentals. This could leave you with a large financial shortfall to settle when the motor insurer does not pay out enough.
- Depreciation in new vehicles is high. Many clients do not realise the shortfall that can occur.
- A policyholder's view on the value of their vehicle at the date of loss can be **a lot different** to what a motor insurer actually pays. Fleet GAP provides that extra benefit and can help relieve customer dissatisfaction and difficult negotiations with motor insurers.
- Motor Insurers tend to settle at Market Value. This interpretation can vary from one insurer to the next and customers can lose out.
- Following a total loss it is unlikely you will be provided with a temporary replacement vehicle. This can be a serious issue for a business. **Fleet GAP will provide a replacement vehicle** during the claim (applies to cars and light vans only).
- Simple annually renewable policy that caters for movements on and off the fleet.
- Cover can be quoted at the same time as your motor insurance renewal or offered mid-term.

Eligibility:

- The vehicles must be covered by a comprehensive motor insurance policy throughout the period of this insurance. Please note Motor Trade insurance policies are excluded.
- The company is the registered owner or keeper of the vehicles or named in the finance/contract hire agreement.
- The vehicles have not been declared a total loss before the start date of this policy.
- The company being insured must be a UK registered company.
- The vehicles must be registered in the UK.
- The vehicles must be under fifteen years old at the policy start date.
- Insured vehicles must not exceed 44 tonnes gross vehicle weight.
- Vehicle values must not exceed £150,000. (Higher values can be referred to us).
- A GAP insurance policy is not already in place for the vehicles.

Eligible vehicles:

- Cars
- Vans up 7.5t GVW (including Minibuses)
- Commercial vehicles up to 44 t GVW

Excluded vehicles:

- Trailers, Taxi, private hire or minicab use, vehicles used for hire as a chauffeur, courier vehicles, driving school vehicles, emergency vehicles, minibuses/buses/coaches, Commercial vehicles over 44ton.
- Vehicles used for track days, road racing, rallying or any other competitive event.
- Vehicles used for daily or weekly rental purposes.
- Vehicles if they are insured on any type of motor trade motor insurance policy.
- Any vehicle that was not manufactured and intended to be sold in the European Union
- Any vehicle that has not been purchased from a VAT registered supplier.

How the GAP insurer calculates a payout:

Following a Total Loss the GAP insurer will:

- Increase the **total loss valuation** of the vehicle **by 25%** - up to the maximum sum insured shown on the Policy Schedule.
Or;
- Pay up to the maximum sum insured shown on your Policy Schedule if your vehicle is on a finance agreement and the **early settlement amount** exceeds the total loss valuation.
Or;
- Pay up to the maximum sum insured shown on your Policy Schedule if your vehicle is on a contract hire or lease agreement and the amount owed to the contract or lease company exceeds the **total loss valuation**.

Early Settlement Amount, Total Loss Valuation and **Purchase Price** are the 3 important definitions here as they define how a GAP payout is calculated:

1. **Early Settlement Amount** – This is the amount required at the date of the total loss to settle the element of your finance agreement that relates to the **purchase price**. (N.B. If you borrowed more than the purchase price on the finance agreement, you will still have an outstanding balance after we have settled your claim. For example, you may have borrowed to pay for insurance premiums, road fund licence, new vehicle registration fee, fuel, paintwork and/or upholstery protection kits and we would not pay any outstanding balance relating to such items).
2. **Total Loss Valuation** – The value of your vehicle at the date of the incident which caused your vehicle to be declared a total loss. This will exclude any contents or any compensation for third party claims, personal injury, vehicle rental charges or any other out of pocket expenses as assessed by the insurer of the motor insurance policy.
3. **Purchase Price** - The price paid by you for your vehicle (including all factory fitted accessories, delivery for a new vehicle and up to a maximum of £1,500 for dealer fitted accessories) and after any discount given including any government grants. The purchase price does NOT include the cost of road fund licence, new vehicle registration fees, number plates, fuel, paintwork protection applications, service plans, insurance premiums (including the premium for this policy), warranty premiums/charges, any arrears or any finance carried over from a previous finance agreement.

Conditions in the policy to note:

- We will not cover any claim where the customer has received a replacement vehicle or cash equivalent of a new replacement vehicle under the terms of their motor insurance policy in respect of a total loss.
- It is a condition of this insurance cover that your client does not accept a motor insurance settlement without first contacting our claim line.
- We will provide a temporary replacement vehicle **for a maximum period of 42 days** or until the insured replaces the vehicle, whichever happens first.
- Any claim where a temporary replacement vehicle is required outside of England, Wales, Northern Ireland or Mainland Scotland.
- Any claim for a temporary replacement vehicle where the motor insurer does not agree to pay the claim following a total loss.

Period of Cover:

This policy is annually renewable. The premium is adjusted each year on a pro rata basis according to the number of vehicles that come on and off the fleet during the year.

Maximum Sum Insured:

Insured Vehicle	Maximum Sum Insured
Cars and Vans up to 7.5t GVW	Up to £20,000 per vehicle
Commercial vehicles 7.5t GVW to 44t GVW	Up to £25,000 per vehicle
This insurance policy will be subject to a total annual aggregate sum insured (i.e. the maximum payable in total under this policy during the period of insurance). This will be confirmed to you at quotation stage and shown on the insurance policy schedule.	

Restrictions on when the cover can be purchased:

Cover can be purchased at any time, provided the client meets the eligibility criteria.

Real Claim Examples:

	EXAMPLE 1	EXAMPLE 2
Motor Insurance settlement after write off:	£26,500	£13,950
Early Settlement amount from Finance Company:	£27,613	£23,837
Finance Shortfall of:	£1,113	£9,887
25% Top Up calculation	£6,625	£3,487.50
We paid	£6,625 (the top up calculation was greater than the finance shortfall)	£9,887 (the finance shortfall was the greatest)

Transferring a policy:

We will allow a customer to transfer their vehicles unless the insured vehicle is a total loss. Vehicle changes should be advised during the policy period as MTA. At renewal a pro rata adjustment may be made according to the number of vehicles that come on and off the fleet during the year.

Making a claim:

The policy summary document and policy wording contain contact details of how to make a claim. Please note the insured needs to inform the GAP insurer within 90 days of a total loss occurring. It is also a condition of the policy that the insured does not accept a settlement offer from the motor insurer without our approval.

Cooling off Period:

If this policy does not meet your needs there is a 30 days from the date of the policy option to cancel the policy and get a full refund.

Cancelling the policy after the "Cooling off Period":

If you wish to cancel the policy after the "Cooling off Period", you will be entitled to a refund proportionate to the unexpired term of the policy provided they have not had a successful claim under the policy. An administration fee of £30 will be deducted from the calculated amount prior to any refund being paid. This will be waived if a new GAP policy is purchased through the administrator. Any instructions to cancel must be provided in writing and the refund will be calculated from the date of receipt of the written request to cancel.