



SecureDrive GAP Insurance

Product Knowledge



Chapter 1

Introduction

- Product Overview
- Customer & Dealer Benefits
- Customer Profile
- Eligibility Criteria
- Available Terms



Learning Outcomes

Describe the features and benefits of GAP Insurance.

Explain what GAP Insurance is and how the product works.

Outline the process for requesting an in-store loyalty credit.



Product Overview

- Offers protection when vehicle is deemed a total loss.
- Covers what the insurance provider does not cover.
- Includes the insurance deductible.
- Protects the customer from going into debt.
- Features an in-store loyalty credit for a replacement vehicle at the selling dealer.



NOTE: GAP coverage is always a *variable amount*, as the remaining loan balance and insurance payout will differ from one customer to another.

What are the benefits?



Customer

- Improves credit capacity
- Offsets depreciation
- Protects against debt
- Provides peace of mind



Dealership

- Reduces need for goodwill on replacement vehicles
- Assists with credit approvals
- Increases customer retention
- Enhances customer experience

Customer Profile



Long Financing Term

Paying loan principal more slowly.

Widens gap between what they owe and the insurance payout.



Previous Loan with GAP

Understands financial challenges a GAP entails.



High Interest Rate

Larger portion of payments go towards interest vs. loan principal.

Widens gap between what they owe and the insurance payout.



Current Loan with GAP

Immediately face a GAP in coverage.

Eligibility

Transaction Type:

- ✓ Available on **finance** transactions only

Vehicle Type:

- ✓ **All** makes and models
- ✓ Up to **7 MY**
- ✓ Trucks less than **one ton**

Timeframe:

- ✓ Must be sold within **30 days** of vehicle purchase date

Loan Limitations:

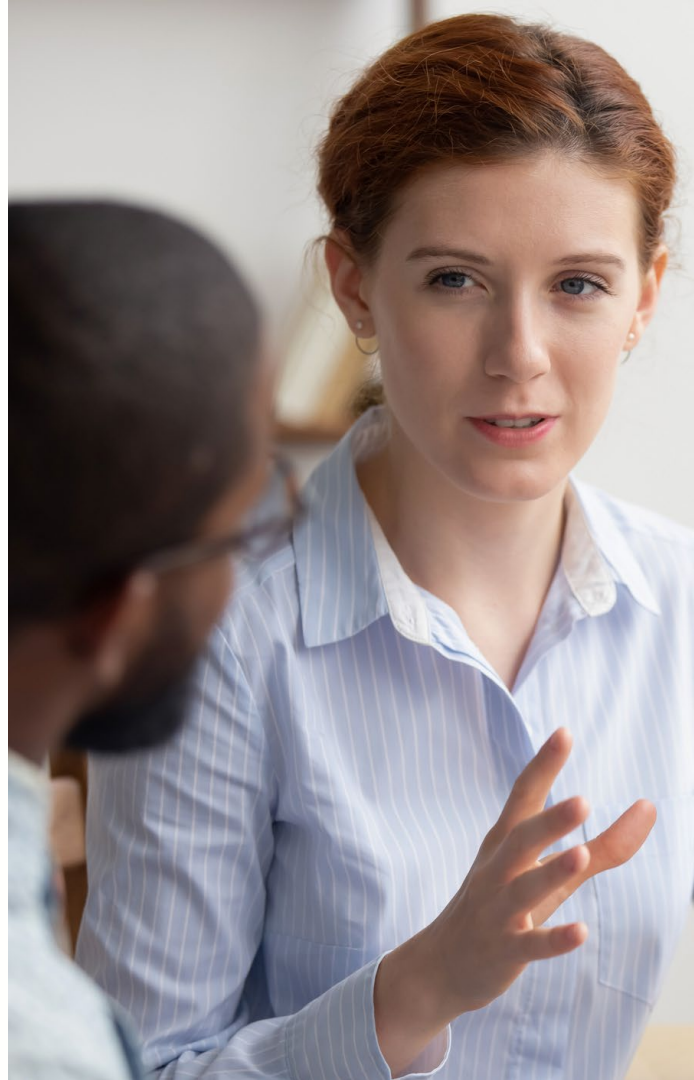
- ✓ Max. Loan Amount: **\$180,000**
- ✓ Max. LTV: **170%**

Geographic Restraints:

- ✓ Customer must reside in **Alberta** or **Saskatchewan**

Lender:

- ✓ Must be **properly licensed** within **Canada**



Available Terms

Offers coverage for terms between 24 to 96 months:



GAP Insurance term must match the loan term.

EXAMPLE: Customer loan is for 84 months, then GAP Insurance term should also be 84 months.

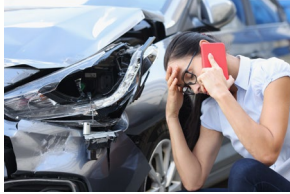
Chapter 2

Product Knowledge

- Coverage Details
- Coverage GAP
- Optional Add-On
- Terms & Conditions



SecureDrive GAP Insurance



Protects customers with an outstanding loan balance that encounter a total loss event.



Covers the GAP up to a maximum of **\$50,000**.



Covers the insurance deductible up to **\$1,000**.



Offers an in-store credit up to **\$1,000** towards a replacement vehicle at the selling dealer.

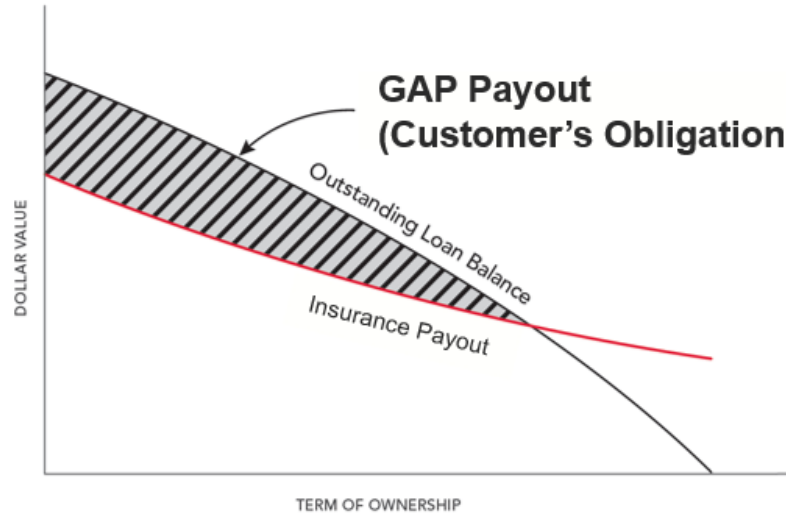


DID YOU KNOW?

On average, a vehicle is stolen every **6 minutes** in Canada.
Source: Insurance Bureau of Canada

What exactly is the GAP?

GAP = Remaining Loan Balance – Insurance Payout
(Amount Owed to Financial Institution – Value of Vehicle)



DID YOU KNOW?

On average, a vehicle will depreciate by **20% – 35%** within the first year of ownership.
Source: Car Loans Canada

Optional Add-Ons

Two optional add-ons are available:

1

Down Payment:

Reimburses the cash down payment.

Four options available:

\$5,000

\$10,000

\$15,000

\$20,000

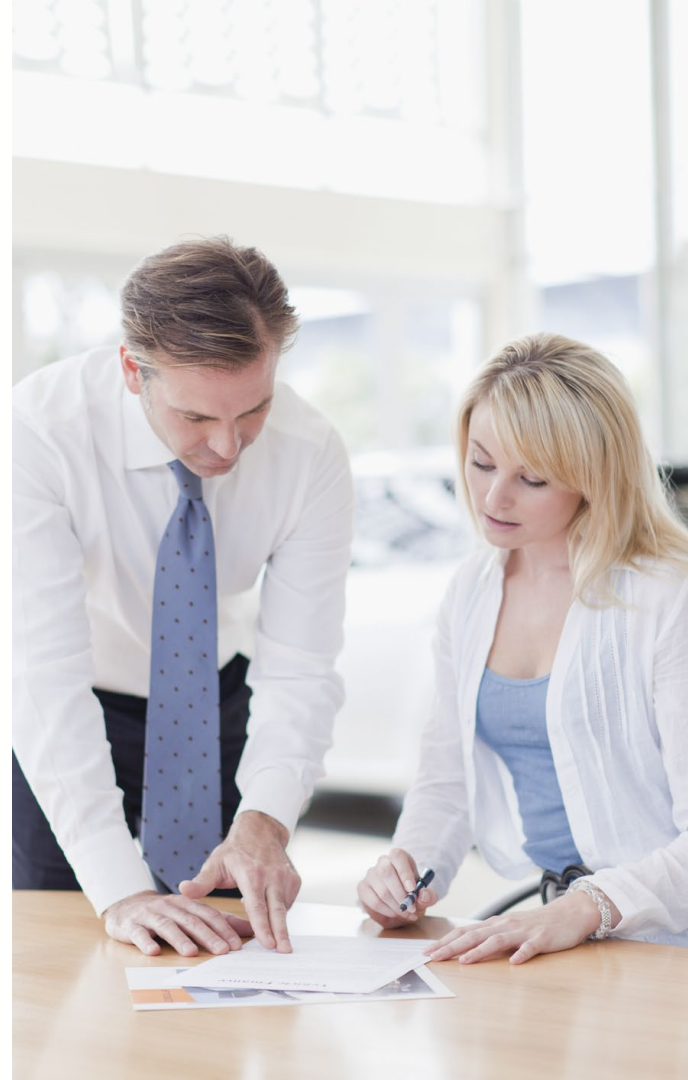
2

Light Commercial Use:

Offered to vehicles used for light commercial purposes.

Includes commercial car-share or ride-share uses.

Refer to Selling Dealer Guide.



Example

A customer buys a vehicle, pays a **\$10,000** down payment, and an accident occurs during their third year of ownership resulting in a total loss.

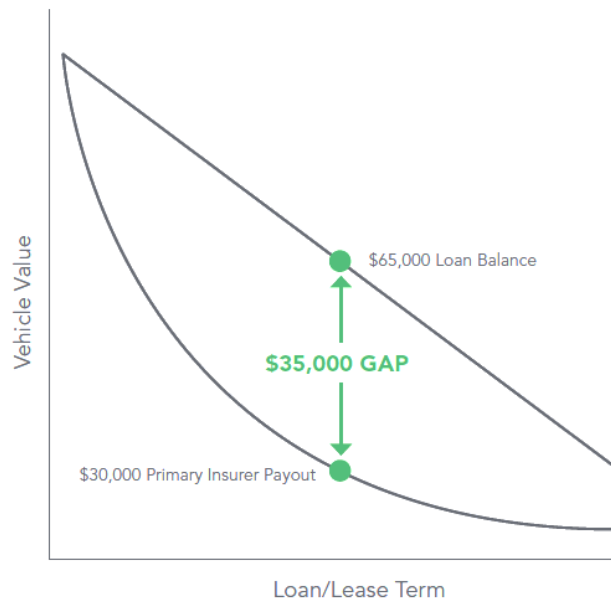
Straight-forward protection that works like this:

Loan Balance: \$65,000.00
Insurance Payout: (\$30,000.00)
GAP: \$35,000.00 (customer obligation)

Total Amount Covered by GAP Insurance:

GAP Payout: \$35,000.00
Deductible: \$1,000.00
In-Store Credit: \$1,000.00
Down Payment: \$10,000.00 (if applicable)

Total Settlement: \$47,000.00 (customer protected against \$47k debt)



Terms & Conditions



Dealer Mark-Up:

\$2,200 per contract sold



Deductible:

None



Transfers:

Cannot be transferred.



In-Store Loyalty Credit:

Must be used at **selling dealer**.
Only applies to the purchase of a **replacement vehicle**.



Maximum Claim Amount:

\$75,000



Claim Limit:

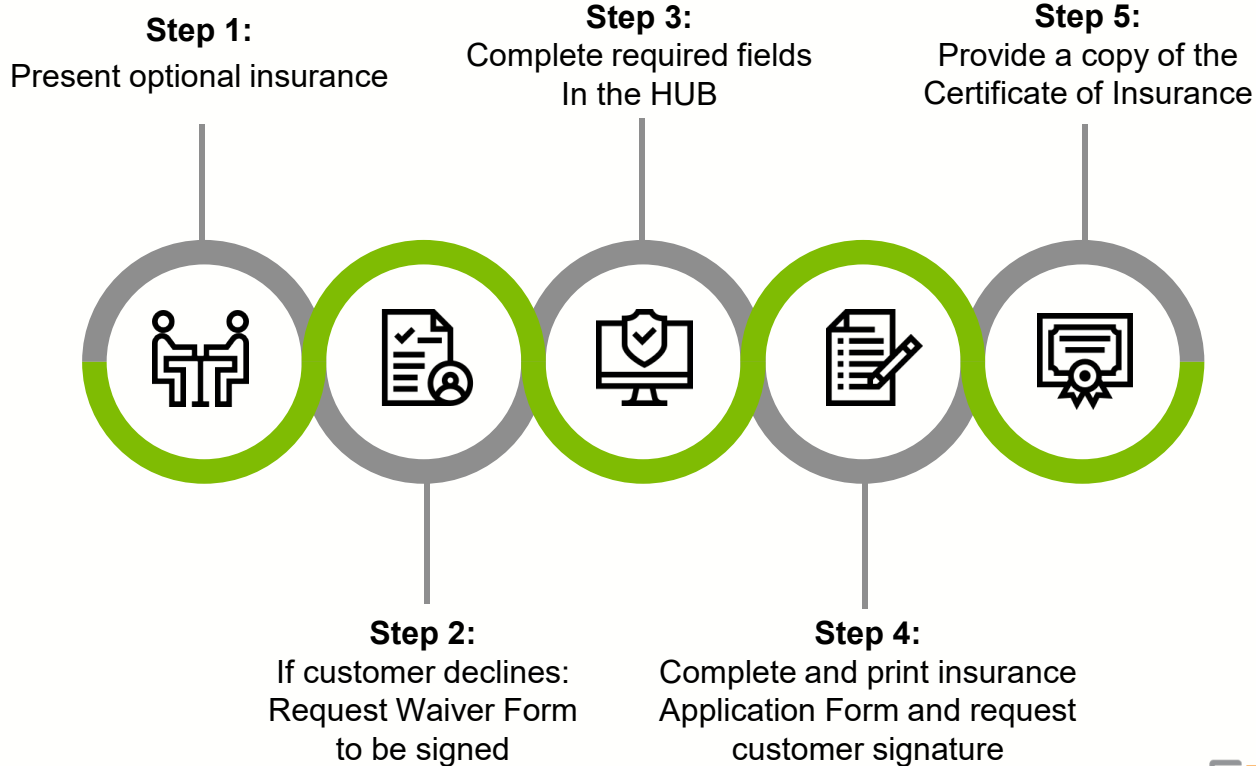
One claim during contract term.

Chapter 3

Applications,
Claims, and
Cancellations



Application Process



Claims Submissions

Claims must be submitted within **30 days** from the date of the total loss.

Customer required to submit the following documentation:

Proof of Loss

Proof of Ownership

Bill of Sale

Proof of Payment by Insurance Company

Damage Appraisal

Copy of GAP Insurance Policy

Police Case Number

Copy of the Police Report

Evidence of Notice of Total Loss to Insurance Bureau

Customer Authorization to Insurance Company

Cancellation Provision

This product is fully refundable within the first **30 days** of purchase.
After 30 days, the Rule of 78 applies.

	Customer Refund	Fee	Dealer Chargeback
Within 30 Days	100%	\$0	100%
After 30 Days	Rule of 78	\$100	Depends on Individual Situation (Calculated by Administrator).

TO INITIATE A CANCELLATION THE CUSTOMER MUST FOLLOW THE OUTLINED PROCESS:

1. Complete a Cancellation Form
2. Submit Cancellation Form to the Administrator
3. Administrator will refund premiums due to the customer

Chapter 5

Regulatory &
Compliance
Practices



Fair Treatment of Customers (FTC)

Industry guidelines are designed to:



Support insurers
(and their intermediaries)
in treating customers fairly.



Promote consistent practices.



Provide operating and
disclosure standards
for the transaction of GAP Insurance.



Helpful Resources:

[Guidance: Conduct of Insurance Business and Fair Treatment of Customers \(CCIR\)](#)

[Principles of Conduct for Insurance Intermediaries \(CISRO\)](#)

[Fair Treatment of Customers in Insurance \(FSRA\)](#)

[Insurer Code of Market Conduct \(BCFSA\)](#)

Guiding FTC Principles

Important principles to guide your interactions when discussing GAP Insurance:



PRINCIPLE

Promote a culture of treating customers fairly.

Provide customers with:
accurate and sufficient information.

Avoid the risk of sales which are not appropriate
to the customer's situation.

Communicate clearly about all aspects of the
product.

State that purchase of the product is **optional
and voluntary**.



GUIDING QUESTION

Would you buy this product if you were the
customer?

What would you want to know before buying this
product?

Can the customer benefit from this product?

Would you understand this product with how you
explained it?

Would you feel like you have a choice?

FTC Guidelines



Provide information that is:

- Clear
- Accurate
- Sufficient

Be committed to promoting products in a manner that is:

- Clear
- Fair
- Not misleading

Always use plain language wherever possible.

Clearly explain:
Jargon
Industry Terms
that may otherwise be unclear.

Encourage the customer to seek professional advice.

Provide personalized advice.

Only offer products that are suited to their needs considering:
Circumstances
Financial Knowledge
Risk Profile

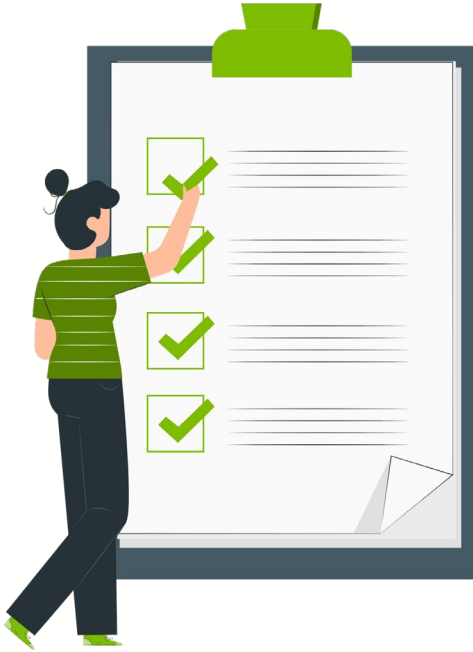
Disclosure Requirements

The following items must be disclosed before a GAP Insurance transaction takes place:

- Types of insurance coverage provided
- Who is eligible to apply
- Insurance is optional and voluntary
- Cancellation period during which a full refund may be received
- Insurance can be cancelled at any time
- Terms and conditions that may limit or exclude coverage
- Significant exclusions, restrictions, and limitations
- Premium amount to be paid (or basis for calculating the premium)
- Insurance application is subject to acceptance
- Name and contact details of the insurer
- Circumstances under which the insurance ends



Legal & Regulatory Requirements



Complete mandatory training.

Describe product features, benefits, exclusions, and limitations.

Position the insurance product to the customer as **optional and voluntary**.

Clearly explain any significant exclusions.

Disclose that the **insurance can be cancelled at any time**.

Advise where to direct complaints and how to initiate a claim.

Complete and retain a copy of the *Waiver Form*.

Provide copies of the *Enrollment Form* and *Certificate of Insurance*.

LGM Academy



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Resources for Ethical Sales

CLICK ON THE LINK FOR YOUR RESPECTIVE REGION FOR MORE INFORMATION ABOUT LICENSING, COMPLIANCE, AND INDUSTRY GUIDELINES.

BRITISH COLUMBIA - COLOMBIE-BRITANNIQUE

[BC Financial Services Authority \(BCFSA\)](#)

[Insurance Council of BC](#)

[New Car Dealers Association of BC](#)

[Motor Vehicle Sales Authority](#)

ALBERTA - ALBERTA

[Superintendent of Financial Institutions \(ASFI\)](#)

[Alberta Motor Vehicle Industry Council](#)

[Alberta Insurance Council](#)

[Motor Dealers' Association of Alberta](#)

SASKATCHEWAN - SASKATCHEWAN

[Financial and Customer Affairs Authority](#)

[Saskatchewan Auto Dealers Association](#)

[Insurance Councils of Saskatchewan](#)

MANITOBA - MANITOBA

[Customer and Corporate Affairs](#)

[Manitoba Motor Dealers Association](#)

[Insurance Council of Manitoba](#)

NORTHWEST TERRITORIES - TERRITOIRES DU NORD-OUEST

[Office of the Superintendent of Securities](#)

ONTARIO - ONTARIO

[Financial Services Regulatory Authority \(FSRA\)](#)

[Ontario Motor Vehicle Industry Council \(OMVIC\)](#)

QUEBEC - QUÉBEC

[Autorité des marchés financiers \(AMF\)](#)

[Corporation des concessionnaires d'automobiles du Quebec \(CCAQ\)](#)

[Customer Protection Office \(OPC\)](#)

NEW BRUNSWICK - NOUVEAU-BRUNSWICK

[Financial and Customer Services Commission](#)

[New Brunswick Auto Dealers Association](#)

NEWFOUNDLAND & LABRADOR - TERRE-NEUVE-ET-LABRADOR

[Department of Government Services](#)

[Automobile Dealers Association of Newfoundland and Labrador \(ADANL\)](#)

NOVA SCOTIA - NOUVELLE-ÉCOSSE

[Finance and Treasury Board](#)

[Nova Scotia Auto Dealers Association](#)

PRINCE EDWARD ISLAND - L'ÎLE DU PRINCE-ÉDOUARD

[Justice & Public Safety](#)

[Prince Edward Island Auto Dealers Association](#)

NATIONAL RESOURCES

[Financial Customer Agency of Canada \(FCAC\)](#)

[Canadian Council of Insurance Regulators \(CCIR\)](#)

[Canadian Auto Dealers Association \(CADA\)](#)

[Office of the Superintendent of Financial Institutions \(OSFI\)](#)

[Advertising Standards Canada](#)



Questions?

Comments?



Thank You