

GAP Insurance License Requirements

In addition to the requirements of the Act and Regulations, GAP insurance Restricted Certificates of Authority are issued subject to the holder of the certificate originally meeting and continuously maintaining compliance with the following conditions:

1. The holder of the restricted certificate and each insurer they represent must establish a procedure to ensure that the employees marketing products on their behalf are knowledgeable about the insurance being marketed
2. Employees of the restricted certificate holder who represent the holder in the sale of insurance must be trained using the procedures established by the holder and the insurers to ensure they are knowledgeable about the insurance being marketed
3. When the holder of a restricted certificate negotiates or enters into a transaction with a person for GAP insurance at the same time as a credit arrangement is being negotiated or entered into with the person, the holder must provide the person with a separate application for the insurance coverage
4. A holder of a restricted certificate who is marketing GAP insurance, at the time of application for insurance coverage
 - a. Must provide the person buying insurance
 - i. A statement that sets out the right to rescind the insurance contract and obtain a full refund of the premium pursuant to section 18, and
 - ii. A statement that the duration of the insurance is less than the term of the amortization period of any related loan, or that the amount of insurance is less than the indebtedness, if that is the case; and
 - b. Must inform the person buying insurance that the person may contact the insurer for further information or clarification, the name of the insurer that is providing the insurance and how that insurer may be contacted
5. Where the holder of a restricted certificate receives any compensation, inducement or benefit from an insurer, directly or indirectly, for selling insurance, the holder of a restricted certificate must disclose that fact to any person who is considering buying insurance from that holder
6. A holder of a restricted certificate may not, when offering to make a loan to, or arrange a loan for a person, inform the person that the person must, or require the person to, purchase insurance before the loan can be made.
7. "GAP Insurance" means property insurance that covers all or a portion of the difference between the recovery received on primary automobile insurance in the event of a total loss and the MSRP of a current year replacement vehicle or the difference between the recovery on a primary automobile insurance policy and an outstanding loan or lease obligation in the event of total loss.