

# Premiums don't 'build up' for claims-free policy holders

**Q**uestion: I have been paying for insurance for the last 15 years, and I've never made a single claim. Just recently, my porch step gave way, and is going to cost a lot of money to repair. However, my insurance company says it is not covered by my policy, since it's considered "wear and tear." Why do I have insurance at all, if I pay all this money all these years and then can't use it when I need to?

majority (insurers hope!) of lucky people who didn't need to use those funds.

However, your premiums have been used, to some extent, by the less-fortunate minority who DID have claims.

But let's say your luck turns—you do have a major claim, and your insurance company has to dip into the pool to pay you. Does that mean your insurance is then reduced by the amount of the pay-out?

**A**nswer: Hold on! Let's take this one step at a time! First of all, insurance is intended to cover sudden, unforeseen losses—not those caused by lack of maintenance.

Fortunately, that is not the case, which is a huge relief to those who have major claims. For example, let's say your house is insured for \$100,000. A fire destroys 75 per cent of its value, or \$75,000. That does not mean that your insurance for the remainder of the contract period is reduced by \$75,000 to only \$25,000. Rather, it stays at \$100,000.

Your crumbling step must have been deteriorating for a long time before it finally gave way, so the damage could have been prevented by proper maintenance.

In other words, the insurance company puts the policy back to the way it was without charging you any more money for the period that the insurance is in effect. All in all, a pretty fair deal.

Secondly, you don't build up an insurance "credit" over the years, as this is not how your premiums are used.

So while your premiums don't build up for your use, neither is your insurance depleted if you do have a claim. Now you have a fix on how insurance works. And speaking of fixing, how about those steps!

Insurance is a contract for a fixed period—usually one year—to pay if you suffer an insured loss during that time. Your insurance premiums go into a pool that insurers draw from to pay the claims of the unlucky policyholders who have suffered a loss.

—Insurance Bureau of Canada, [www.ibc.ca](http://www.ibc.ca)

You have been fortunate enough not to have had a claim all these years, so that puts you with the

**OPEN HOUSE SUNDAY, OCT. 21 ~ 2-4 P.M.**  
151 Eaton Street, Georgetown



**\$249,900**

**BRAND NEW... ALMOST**

This beautifully decorated 3 bedroom, 3 bathroom home located on a quiet street in Georgetown is open concept and loaded with upgrades. Some of its special features include a laundry room on the same level as the bedrooms, 7 inch baseboards, carpet and ceramic flooring, cathedral ceiling, gas fireplace, central air, clad windows, double car garage, interlocking stone walkway and a fully fenced rear yard landscaped with a small pond. Call **Tony\*** or **Carol\*** to view.



**\$179,900**

**ROCKWOOD**

Very nice 3 bedroom bungalow, 2 bathrooms, backing onto park. Walkout from living room to deck. Rear entrance to mud room, leading to updated kitchen & finished rec room. Call **Carol\*** or **Tony\*** to view. Price \$184,900.



**\$139,000**

**COME AND SEE**

this spacious 3 bedroom townhome located close to shopping, schools & churches. This unit boasts a walkout to private back yard and is located on a quiet court. Call **Carol\*** or **Tony\*** for more information.



**\$699,000**

**VACATION LAND RETREAT**

Gorgeous farmhouse completely renovated, new windows and kitchen. House looks out to Blue Mountain Ski Resort (Osler), 99.71 acres, 60x30 bank barn, 2 ponds, bunkhouse 25x60. House has 1 bdrm inlaw apt.



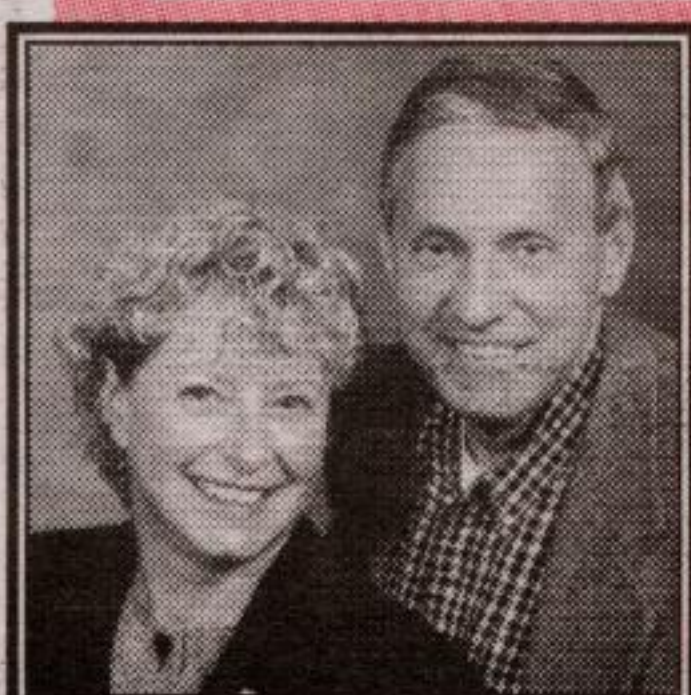
**\$159,900**

**JUST LISTED**

8 acre building lot in Limehouse. Call **Carol\*** or **Tony\*** for details.

**"THOUGHT OF THE DAY"**

*The best way to hear money jingle in your pocket is to shake a leg.*

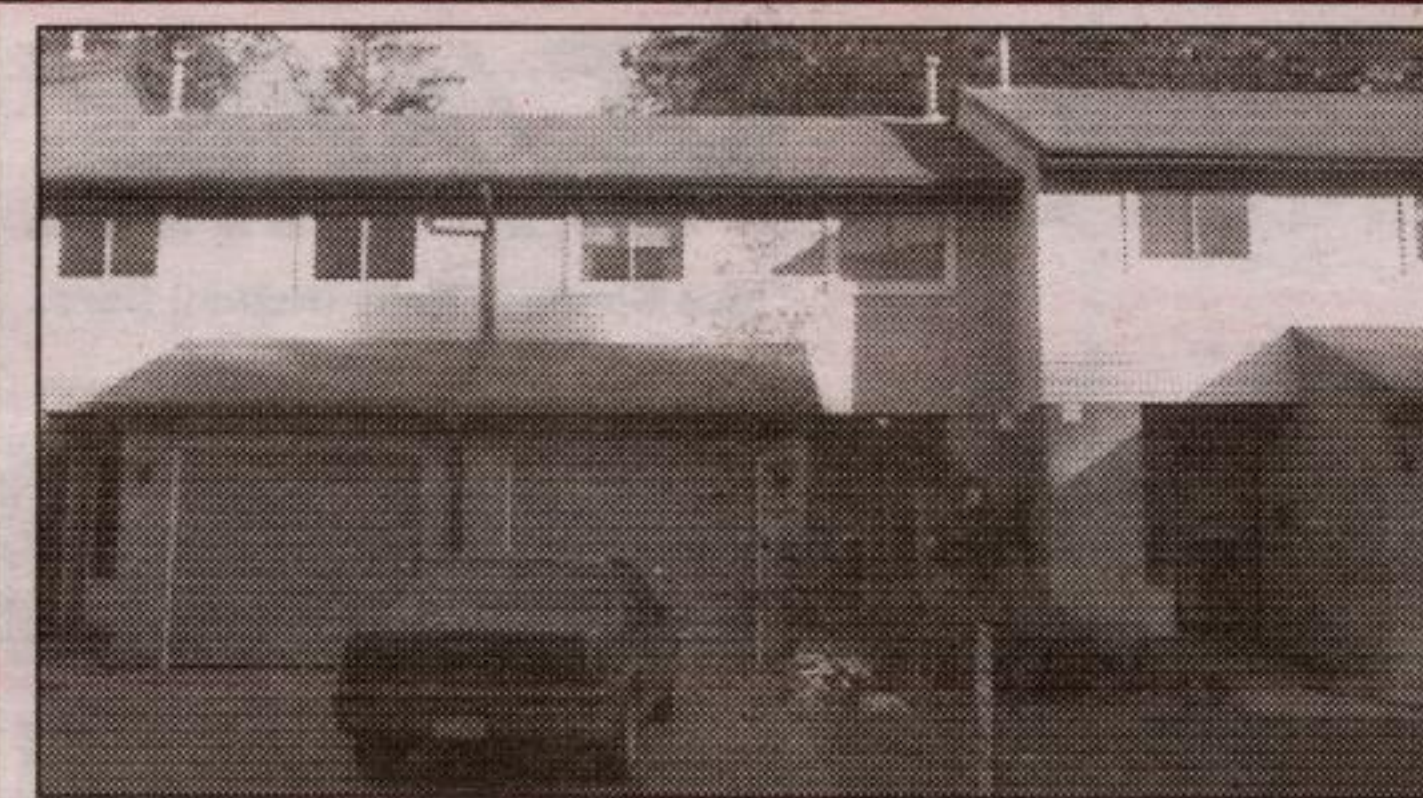


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[www.walraventeam.com](http://www.walraventeam.com)

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**RAVINE VIEWS**

Privacy and nature at your doorstep! Lovely townhome in desirable complex now available! A perfect starter or retirement property. Low, low maintenance fees. Three bedrooms, finished basement, CAC, walkout to ravine. Call **Elizabeth Doell\*** to view this property. 01-559-30



**ABSOLUTELY MAGNIFICENT!**

Wonderful building lot, overlooking the Credit Valley. Only in Glen Williams - over 1 acre serviced with municipal water and natural gas, only 4 minutes from the GO station. It doesn't get any better than this. Call **Elizabeth Doell\*** today to walk this lot today.



**RARE OFFERING!**

Bungalow style on West Meadows Village, Acton. Only 2 years old. Only \$216,900. 3 bedrooms, front porch, CAC, ceramics, Maple floors and much more. Call **Elizabeth Doell\*** for your appointment. 01-554-90



**ELIZABETH DOELL\***

Sales Rep.



**Johnson Associates**  
HALTON LTD., REALTOR

(905) **877-5165** Local/Toronto

E-mail: [edoell@trebnet.com](mailto:edoell@trebnet.com)