

# SIMPLY INSURANCE



Sue Korobka

## INSURANCE CLAIMS AND DEDUCTIBLES

In simple terms, deductibles refer to the amount of any loss that you will have to pay. For example, if you back your car into a tree and have \$1,000.00 in damage, your collision coverage will pay for the cost of repairs except for the deductible amount. If your deductible is \$500.00, you would pay \$500.00 of the loss and the insuring company would pay the other \$500.00. The same applies to home insurance. If you have a \$500.00 deductible and a windstorm blows the shingles off your roof, you will have to pay \$500.00 of the loss and the insuring company will pay the balance of the cost to repair or replace your roof. (Whichever needs to be done)

You should be aware that the deductible amount may not be the only cost to you. If the accident that you have with your car is considered to be your fault, not only will you have to pay the collision deductible, but the accident could affect your "accident free" rating. Since you are no longer "accident free" your rates could increase on the next policy renewal date. This would not apply to an accident that is not your fault. With home insurance, making a claim may also affect your "claims free" discount as well. You pay the deductible amount but your premium may increase on the next renewal because you are no longer "claims free". A claim under your home insurance is not judged to be "at fault" or "not at fault". Any claim made will usually affect the claims free discount (if you have one).

As you can see, the cost of making a claim may be higher than just the deductible amount. Many insurance companies are now offering a variety of forms of "claims free" and "accident protection" discounts. We can't explain how they all work in this article, but you should ask your broker to explain how making a claim under your home or auto policy would affect your rates on renewal. If you do this now, it may save you some questions at the time of a loss or accident.

For car insurance, you may be able to buy an extra coverage that will allow you to make one claim with no change to your rates. This "driving record protector" usually costs between \$30.00 and \$60.00 per year (depending on the company you are insuring with). At least one company offers this protection free of charge if you have been insured with them for 5 or more consecutive years. Some property insurers are now offering claims protection as well.

For further information, call your insurance broker. He or she will be able to explain how your policy works and how an accident or loss will affect your insurance costs.

***Sue Korobka has been in our Tri-County Insurance office in Waterford for 32 years. Sue is a licenced broker and our in-house claims specialist.***

***For any of your home, auto, business or recreational insurance needs, please call Tri-County, Gair or McKiee & Farrar Insurance.***

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