

Cabin Trust & Co-Ownership Insurance Considerations

The following is a note received from a NFH member as a reminder of the need for a Cabin insurance policy to be held by the legal owner(s) of a cabin.

In California (and potentially other states), homeowners insurance claims can be denied if a property is held in a living trust but the insurance policy is still listed in the individual's name, as the insurance company may consider the trust as the legal owner and not recognize the individual as having insurable interest without a proper endorsement on the policy adding the trust as an insured party; this can lead to coverage gaps and claim denials.

Key points to remember:

- **Trust as legal owner:**

When a property is placed in a living trust, the trust becomes the legal owner, not the individual.

- **Policy update needed:**

To ensure proper coverage, you must update your homeowner's insurance policy to list the trust as the named insured or add it as an additional insured.

- **Potential for claim denial:**

If the policy only lists the individual, the insurance company may deny a claim if a loss occurs, as the trust is technically the owner.

- **Contact your insurance agent:**

Speak to your insurance agent immediately after transferring your property to a trust to properly update your policy and add the trust as an insured party.

- **Review policy details:**

Carefully review your insurance policy to understand how the trust is listed and whether it provides adequate coverage for the property.

- **Consider endorsements:**

Depending on your situation, your insurance company may offer specific endorsements to address trust ownership and ensure proper coverage.

- **Cabin Co-Owners:**

For cabins held by co-owners (not in a trust), NFH considers adding cabin co-owner names as additional named insured on your cabin insurance policy a best practice. Discuss with your insurance agent.