

# NFH Cabin Insurance Trends

## April, 2019

This report was generated from the results of the 2019 NFH survey of cabin owners in April, 2019 designed to gather information about cabin owner insurance experiences. This is NFH's second insurance survey of cabin owners, the first was reported in early 2017.

### Survey Demographics:

Survey Period: 3/27/19 to 4/14/19  
 Survey Response Rate: 14% (945 out of 7,000 emailed)

Responses representing 945 cabin owners from 19 states and all 9 USFS Regions provides a broad and significant sample size of cabin owner experiences and conclusions for NFH members, however we cannot confidently assume the all conclusions reached by this survey are an accurate representation of the entire 14,000 cabin owner community.

For example, the percent of participants with cabin insurance is higher than we believe is truly representative of the cabin community. This suggests a possible bias of survey participants, that is, those with insurance may have been more likely to complete the survey than those without.

### Survey Responses:

#### 1) Have you had any damage or loss to your cabin in the last 10 years?

Type of Loss	No. Reported	% Total	Total Loss?
Damage by Falling Tree	147	27%	1
Break in/Theft/Vandalism	131	24%	
Damage by Snow	106	20%	1
Damage by Animals	73	14%	
Damage by Wind	38	7%	
Damage by Fire	15	3%	14
Water Damage	11	2%	
Flood/Debris	7	1%	
Other	10	2%	
<b>Total</b>	<b>538</b>	<b>100%</b>	<b>16</b>

Loss Range		Avg. Loss	Loss > \$10,000
Low*	High		
\$200	\$130,000	\$14,498	15
\$100	\$25,000	\$2,642	2
\$400	\$200,000	\$14,267	5
\$200	\$40,000	\$7,144	1
\$1,000	\$2,400	\$1,480	
\$10,000	\$385,000	\$156,667	5
\$1,000	\$20,000	\$11,600	2
	\$15,000		
	\$4,500		

*A total of 373 responders (39%) reported 538 loss incidents over the last 10 years. This was significantly higher than the 2017 survey report. There were no reported losses from liability claims compared to 1 incident reported in 2017. 140 of those reporting losses provided loss amounts reflected above. While the reported number of Fire losses was relatively low, the loss amounts were significantly higher than other categories.*

**2) Do you have insurance on your cabin currently? Are you satisfied with your insurance company and policy?**

Have Insurance?		
Yes	759	80%
No	186	20%
Total	945	100%

Satisfied?		
Yes	609	81%
No	143	19%
Total	752	100%

*Most cabin owners currently have insurance (80%) for their cabin, and most appear to be satisfied with their company and policy (81%). While most reported satisfaction with their insurance, comments provided by responders suggest they are not as satisfied as reported.*

*Those reporting dissatisfaction with their cabin insurance listed 1) high cost, 2) price increases, 3) limited coverage, and 4) uncertainty (fear of cancelation or unpaid claims) as their concerns.*

**3) What is the name of your insurance company? Do you use the same company for your other insurance needs?**

Top 10 Cabin Insurers	Responses
State Farm Insurance	151
USAA Insurance	71
Safeco Insurance	67
California FAIR Plan	59
Farmers Insurance	44
Foremost Insurance	34
Lloyds of London	34
Allstate Insurance	24
AAA Insurance	19
Scottsdale Insurance	19

- *94 different insurance companies were listed by survey participants*
- *58% responded they use the same company for their other insurance needs.*
- *There was more use of state run FAIR plans for insuring cabins (CA, OR, & MN).*
- *Also, there appears to be a growing trend of obtaining insurance from a second provider to obtain broader coverage. For example, using a FAIR plan for fire insurance and a second insurance company to extend coverage for other types of loss.*
- *A number of cabin owners suggested the only reason their insurance company was willing to insure their cabin, and/or provided favorable pricing was predicated on combining all their insurance business with the same provider.*

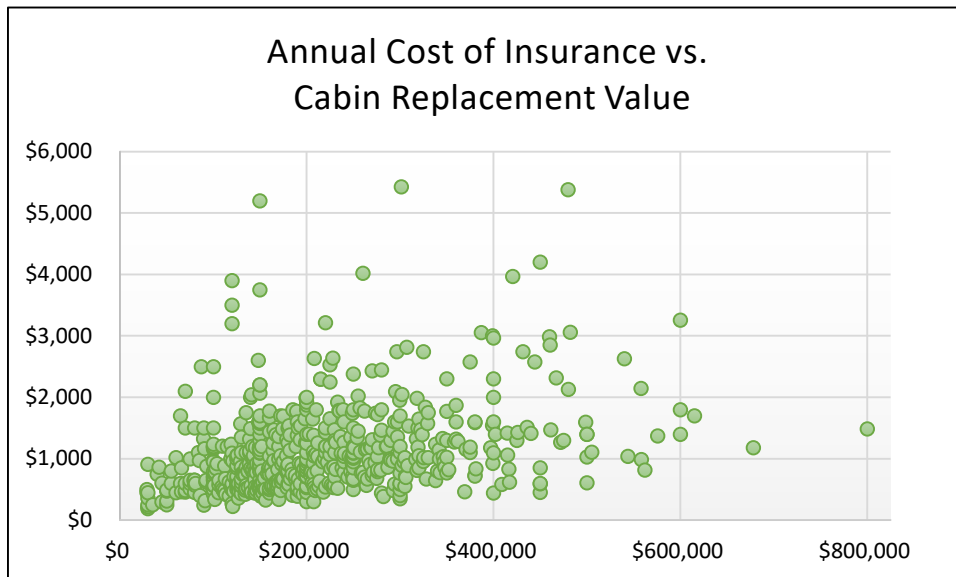
For a more complete list of cabin insurance companies identified by this survey, see the **Cabin Insurers by State** report on the NFH website (Resources→Cabin Insurance). The report includes all cabin insurance providers reported by 2 or more cabin owners.

**3) Please provide Cabin Insurance Pricing and Coverage information.**

Coverage & Cost	No. Responses	Range		Average	Median
		Low	High		
a) Replacement Value	625	\$29,000	\$800,000	\$216,623	\$193,000
b) Liability Coverage	501	\$10,000	\$3,000,000	\$384,223	\$300,000
c) Deductible	562	\$250	\$20,000	\$1,701	\$1,000
e) Annual Premium Cost	625	\$186	\$5,757	\$1,094	\$922

- Cabin insurance pricing only moderately higher than the 2017 survey.
- Pricing above does not include optional Earthquake or Flood Insurance (see next page)
- Median values are the mid-point of the range with 50% of the prices or values higher and 50% lower. The slightly higher average amounts suggest a small number of higher valued properties or higher priced policies drive the average up.

**Comparing Annual Premium Cost to Cabin Replacement Coverage**



- The chart above appears to reflect significant price variance for cabin insurance with similar coverage, similar to the trends found in the 2017 survey.
- While individual circumstance will cause some variance, our conclusion is the cabin insurance market does not reflect an efficient (competitive) market.
- Further analysis did not find significant cabin insurance pricing differences by state.

#### 4) Optional Earthquake or Flood Insurance.

Earthquake Coverage & Cost	No. Responses	Range		Average
		Low	High	
a) Replacement Value	36	\$85,600	\$600,000	\$276,015
b) Deductible	18	5%	25%	14%
e) Premium Cost	16	\$109	\$1,158	\$485

Flood Coverage & Cost	No. Responses	Range		Average
		Low	High	
a) Replacement Value	7	\$148,000	\$558,145	\$252,497
b) Deductible	2	\$1,250	\$2,000	\$1,625
e) Premium Cost	4	\$600	\$2,284	\$1,319

- Only 36 cabin owners reported Earthquake insurance coverage (5%).
- Only 7 cabin owners reported Flood insurance coverage (1%).
- Pricing is separate from the standard property/liability pricing on the previous page.
- The limited sample size makes it more difficult to draw conclusions, however it appears Earthquake insurance is available at lower cost, but much higher deductibles, while Flood insurance is available at a higher cost, with lower deductibles.

#### 5) What is the reason your cabin is not covered by insurance?

Reasons Cabin Not Insured	Responses	%
Unable to find Insurance	61	33%
Canceled or not renewed	50	27%
Insurance not affordable	31	17%
Cabin value not worth it	24	13%
Haven't pursued	6	3%
Assumed not available	5	3%
Other	9	5%
<b>Total</b>	<b>186</b>	<b>100%</b>

- Reason trends are similar to those found in the 2017 survey.
- 'Other' reasons include cabin recently lost (not replaced yet), cabin defects, cabin under renovation, and no desire to replace historical cabin if lost.
- When asked, 95% of those without insurance indicated they want cabin insurance if available at a reasonable cost.

**6) If your cabin insurance was canceled or not renewed, did your insurer give a reason?**

Cabin owners reported 60 occurrences of cabin insurance cancellation by their Insurer. The most common reported reasons and insurance companies are:

Top Cancellation Reasons	Responses	%
Fire risk	18	30%
No reason	12	20%
Cabin defects	8	13%
Forest Location	8	13%
Change of ownership	5	8%
Other	9	15%
<b>Total Responses</b>	<b>60</b>	<b>100%</b>

Top Canceled Insurers	Responses
State Farm	5
AAA	4
Farmers	3
Allstate	2
CA FAIR plan	2
Other	12
<b>Total Responses</b>	<b>28</b>

- *The companies that have cancelled cabin insurance continue to offer cabin insurance to other cabin owners.*
- *No insurance company appears to have exited the cabin insurance market completely.*
- *The only thing consistent about Insurance company behavior is they are consistently inconsistent with regard to their treatment of cabin owners in similar situations.*

**7) Additional comments made by cabin owners regarding their insurance experiences.**

Over 500 cabin owners provided additional comments regarding cabin insurance. This feedback was instrumental in providing more context to responses regarding certain questions. We are working to compile the comments into a separate report and will post to the website upon completion.

**Summary of Conclusions**

- The damage or loss experience reported by cabin owners helps all cabin owners understand the **risk of loss** considerations when insuring your cabin.
- The majority of cabin owners report they have insurance and most indicated they were satisfied with their company and policy, however their comments lead us to believe both of these conclusions may be overstated.
- Many cabin owners purchase all their insurance needs from the same company and believe they benefit from more favorable coverage and pricing by doing so.
- Although the reported number of cancelled cabin insurance policies was not as high as we expected, NFH believes cancelation of cabin insurance policies is a growing trend.
- Almost all of those without cabin insurance are interested in obtaining insurance and have struggled to find insurance, or find it at a reasonable cost.
- Cabin insurance experiences vary considerably, *sometimes from the same company!*

## Guidance for Cabin Owners

For those of you initiating a search for cabin insurance, we offer the following guidance:

- The first insurance provider to consider is the company you use for your other needs (primary residence, autos, etc.). If your insurance provider indicates they won't insure your cabin.....push back, particularly if you find them listed as one of the companies providing insurance to other cabin owners.
- If the alternative above does not work out, we recommend you consider one or all of the following alternatives (not in any particular order):
  - 1) Review the ***Cabin Insurers by State*** report for insurance providers in your (cabin) state.
  - 2) Talk to your neighboring cabin owners to learn who they insure with.
  - 3) Contact NFH's endorsed insurance provider, **Assurance Risk Managers, Inc. (ARM)**. Make contact via the **Cabin Insurance** webpage on the NFH website under the Resources menu.

Finally, keep pursuing until you obtain a policy you can live with. It may take multiple contacts or attempts to reach your goal and it can be frustrating. **The majority of cabins are insured** although it may not seem like it if you get turned down several times.

This report, along with the associated *Cabin Insurers by State* report is intended to arm NFH Members with more consumer information. Hopefully this information will assist you with decisions regarding your cabin insurance needs.

**We thank all the cabin owners who participated in this survey!**