Cabin Insurance Trends
National Forest Homeowners
December, 2024

This report was generated from the results of the NFH survey of cabin owners conducted in November, 2024 regarding cabin owner insurance experiences. This is NFH's fourth insurance survey of cabin owners over the last 8 years.

Survey Demographics

Survey Period:	October 28, 2024 to November 17, 2024
Survey Response Rate:	16% (1,414 out of 9,000 invited by email)
Survey Responders:	1,036 self-identified (77% NFH members, 23% non-members)

Responses representing 1,414 cabin owners from 18 states and 8 of 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 cabin owner community. As an example, cabins located in California represent 51% of the completed surveys but only 42% of the total cabins in the program. Some survey results are modestly skewed as a result. We also believe those who have insurance and are concerned with higher insurance rates were more likely to complete a survey than those with lower rates or those without insurance.

Key Survey Conclusions

- **Approximately 70% of owners** report they have cabin insurance and over half (55%) indicated they were satisfied with their insurance policy. Both represent a decline from previous surveys.

- While obtaining a new cabin insurance policy is a growing challenge in virtually all states, availability of cabin insurance in **California has reached a crisis** level. Owners searching for insurance in California are left with few choices other than the last resort CA FAIR plan.

- Cabin insurance rates have increased dramatically over the last 3 years in virtually all markets. The 2024 survey results reflect average **rates have increased over 60%** since the last cabin insurance survey in 2021.

- The rate of cabin insurance **policy non-renewals or cancelations** has also increased dramatically over the last several years.

- The damage/loss experiences reported by cabin owners helps all cabin owners understand the **risk of loss** considerations when insuring your cabin.

- Using results from this survey, NFH updated our **guidance for cabin owners** striving to obtain cabin insurance at the best terms available in the market.

Survey Responses by Question

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

Type of Loss	No. Reported	% Total	Total Destruction	$ Amt. Reported	Loss Range Low	Loss Range High	Avg. $ Loss	Loss > $10,000
Falling Tree Damage	172	24%	1	94	$100	$370,000	$24,338	42
Break in/Theft/Vandalism	141	19%		72	$150	$30,000	$2,835	5
Snow Damage	113	16%	1	64	$200	$300,000	$26,133	28
Damage by Animals	102	14%		40	$200	$40,000	$3,624	4
Storm/Wind Damage	70	10%		32	$500	$75,000	$10,536	9
Fire Damage	68	9%	37	35	$50	$1,000,000	$218,481	28
Flood/Water Damage	37	5%		16	$1,000	$40,000	$9,444	7
Other	22	3%		6	$500	$50,000	$11,917	2
Total	**725**	**100%**	**39**	359				125

A total of 513 survey responses (36%) reported 725 loss incidents over the last 10 years. Nearly half of responders provided damage/loss $ amounts. "Other" losses include damage from frozen pipes, mud slides, and earthquakes. This survey included more losses from Fire than previous surveys. Losses caused by Fire, Falling Trees, and Snow reflect higher loss amounts and the only occurrences of total cabin destruction. Other losses followed similar trends as previous surveys. For losses >$100,000, insurance covered 85% of occurrences. For losses <$10,000, only 17% were covered by insurance with many cabin owners indicating they did not submit a claim to their insurance carrier.

Do you have insurance on your cabin currently? Are you satisfied with your insurance carrier and policy?

Cabin Insured?		
Yes	1,011	71%
Liability Only	32	2%
No	371	26%
Total	1,414	100%

Satisfied?		
Yes	556	55%
No	464	45%
Total	1,020	100%

Most cabin owners report their cabin is insured; however, the percent (71%) is lower than reported on previous surveys (80-85%). More appear to be satisfied than not, but the satisfaction level (55%) is far lower than previous surveys (80%). General comments also indicate a growing dissatisfaction with insurance carriers compared to previous surveys.

Those reporting dissatisfaction with their cabin insurance listed 1) high cost, 2) steep price increases, 3) limited coverage, 4) declining policy availability, 5) policy non-renewals, and 6) uncertainty (fear of cancelation or unpaid claims) as their concerns.

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

Top 10 Insurance Carriers	Responses
State Farm Ins.	266
CA FAIR Plan	228
USAA Ins.	113
Safeco Ins.	85
Foremost Ins. (Farmers)	42
Farmers Ins.	37
American Modern Ins.	30
Allstate Ins.	19
AAA	14
American Family Ins.	14

- *67 different insurance carriers were listed by survey participants (1,005 responses)*
- *54% responded they use the same carrier for their other insurance needs (bundling).*
- *There was more use of state FAIR plans for insuring cabins, particularly in California.*
- *Also, there is 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 (DIC policies).*

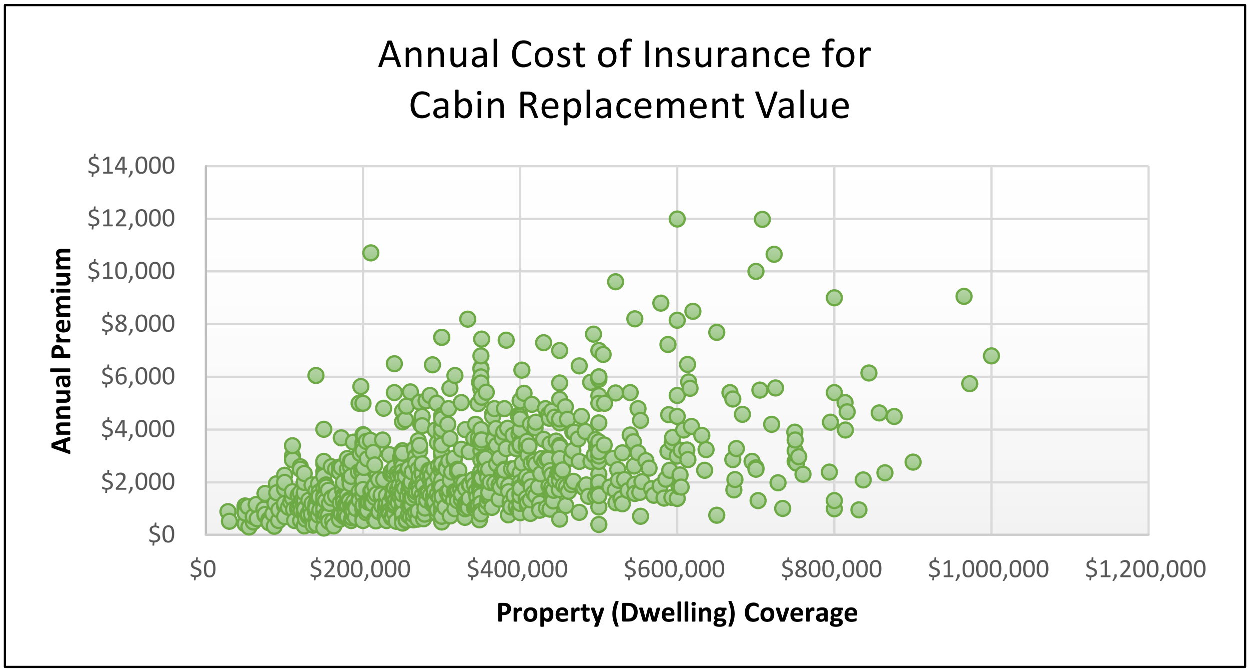
For a more complete list of cabin insurance companies identified by this survey, see the ***Cabin Insurance Carriers by State*** report on the NFH website (Marketplace→Cabin Insurance).

Cabin Insurance Pricing and Coverage information.

Coverage & Cost	No. of Reponses	Range		Average
		Low	High	
a) Replacement Value	853	$28,000	$1,000,000	$331,579
b) Annual Premium Cost	853	$262	$12,000	$2,414
c) Ratio Cost/Coverage	853	0.08%	5.10%	0.81%

- *Cabin insurance pricing has increased dramatically in the last 3 years.*
- *The Ratio of annual Premium Cost to Property Replacement value is the best method for comparing prices.*
- *Average ratio of .81% = $810 annual cost per $100,000 of property coverage.*
- *This is up from the $500/$100,000 cost ratio in 2021 (+ 60% in 3 years).*
- *Replacement value includes cabin property value + other structures (not content).*
- *Pricing/coverage above does not include separate Earthquake, Flood, or Liability policies.*
- *See Pricing by State on page 5.*

Comparing Annual Premium Price to Cabin Replacement Coverage



- *Each dot represents the annual insurance policy price paid for cabin property (dwelling) value as reported by each cabin owner (853 responses).*
- *The chart above appears to reflect significant price variance for cabin insurance with similar coverage, consistent with the results from previous surveys.*
- *While individual circumstance will cause some variance, our conclusion is the cabin insurance market does not reflect a competitive (efficient) market.*
- *See Pricing by State on the next page for a comparison of averages by state.*

Cabin Insurance Pricing by State:

State	No. of Surveys	Annual Premium$	Property Coverage$	Cost Ratio	Cabins Represented
AZ	27	$1,398	$265,034	0.63%	
CA	400	$3,195	$369,845	0.95%	over
CO	34	$2,297	$303,035	0.85%	
FL	4	$2,303	$252,355	1.06%	
ID	52	$1,629	$288,516	0.71%	
MI	5	$589	$163,500	0.49%	
MN	20	$1,561	$256,888	0.69%	
MT	29	$2,128	$310,783	0.79%	under
NM	7	$1,817	$270,571	0.79%	
NV	3	$896	$199,467	0.46%	
OR	137	$1,776	$346,293	0.57%	
PA	1	$985	$50,000	1.97%	
SD	4	$1,529	$232,950	0.72%	
TN	3	$2,145	$258,667	0.81%	
UT	24	$1,335	$287,039	0.51%	under
WA	74	$1,526	$271,672	0.64%	
WI	1	$780	$264,000	0.30%	
WY	28	$2,065	$268,220	0.97%	
	853	**$2,414**	**$331,579**	**0.81%**	

- *California cabin owners have the highest premiums, but also highest property coverage.*
- *Florida cabin owners have the highest price/coverage ratio, consistent with the 2021 survey results. Wyoming cabin owners also reported higher insurance pricing.*
- *Pricing information from states with low response rates should be used with caution.*
- *Over-representation of CA cabin owners suggests national averages may be modestly over-stated.*
- *Insurance rates reported by individual cabin owners vary considerably from the averages listed above as represented by the scatter chart on page 4.*
- *Is your cabin insurance price ratio below or above the average for your state?*

What is the reason your cabin is <u>not covered</u> by insurance?

Reasons Cabin Not Insured	Responses	%
Unable to find willing Insurance Carrier	195	34%
Insurance not affordable.	167	29%
Insurance was canceled or not renewed.	119	21%
Other reason.	51	9%
Cabin value not worth it.	45	8%
Total	**577**	**100%**

- *The chart includes multiple responses from 395 participants. The top 3 responses often overlap with each other.*
- *Reason trends are consistent with previous surveys.*
- *“Other” reasons include cabin recently lost (not replaced yet), cabin doesn’t meet insurance standards, decision to self-insure, and not a priority.*
- *When asked, 94% of those without insurance indicated they want cabin insurance if available at a reasonable cost.*

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

Cancelled Insurers	Responses
Lloyd's of London	10
Allstate Ins.	9
State Farm Ins.	9
Safeco Ins.	8
Farmers Ins.	7
Foremost Ins. (Farmers)	5
USAA Ins.	4
AAA	3
Nationwide Ins.	3
Other	20
Total Named	**78**

Non-renewed Reasons	Responses
No reason provided	62
Location/Wildfire Risk	50
Change of policy holder	14
Structure deficiencies	14
Dropped offering	13
Inadequate defensible space	12
Low Fire Rating score	8
Seasonal or poor access	5
Other	4
Total Responses	**182**

- *182 responses reporting non-renewal or cancelation is much higher (2-3 times) than previous surveys.*
- *Companies that have cancelled cabin insurance policies <u>continue</u> to offer cabin insurance to other cabin owners.*
- *The only thing consistent about Insurance company behavior is they are consistently inconsistent with regard to their treatment of cabin owners in similar situations.*
- *Some cabin owners appear puzzled that insurance was not transferred from the previous cabin owner. As a general rule, insurance is not transferable between policy holders.*

If you searched for cabin insurance in the last 6 years, did you consider NFH endorsed Assurance Risk Managers (ARM)?

216 of those surveyed (15%) indicated they did consider ARM and most provided their feedback. In addition, a number of cabin owners reported they were not aware of NFH's relationship with ARM. Cabin owner feedback regarding their experience with ARM was mixed. Some owners were very grateful ARM was able to find an insurance carrier for them, while others were disappointed by unavailability or the prices quoted from non-admitted/surplus line carriers. NFH has taken this feedback to heart and has updated our guidelines in an attempt to set reasonable expectations for cabin owners considering ARM as an alternative.

Additional comments made by cabin owners regarding their insurance experiences.

Nearly 600 cabin owners provided additional comments regarding cabin insurance experiences. Most comments fell into several categories; 1) insurance pricing, 2) non-renewal or cancelations, 3) FAIR plan experiences, and/or 4) cabin insurance suggestions for others. This feedback was instrumental in providing more context to responses regarding certain questions.

What mitigation steps <u>can you take</u> to make your cabin more attractive to insurance carriers?

- Carriers are scrutinizing cabin construction and conditions more closely.
  - Is your roof material fire resistant and in good condition?
  - Are the cabin eves, foundation, and spaces under decks/porches enclosed?
  - Are your plumbing and electrical systems up to current code?
  - Does your cabin have a central heating system?

- Carriers are inspecting lots more closely.
  - Does your cabin have a defensible space?
  - Is firewood stored away from your cabin?
  - Is your cabin tract Firewise certified? (if so, you may qualify for insurance discounts)
  - Inspect standing trees on or near your lot. Damage from fallen trees is one of the most common losses….remove trees before they fall on your cabin.

- Carriers are beginning to use new methods for assessing wildfire risk.
  - Does your carrier have a **wildfire risk score** for your cabin site?
  - If so, determine how they arrived at the score and whether there are actions you can take to improve the score.
  - Cabin location, access, and proximity to fire stations may be included in wildfire risk scores and are not easy issues to solve for, however, review your carrier's information to determine if the information they are using is accurate.

<u>**Seeking Cabin Insurance**</u>

NFH offers the following guidance, in order of preference:

1) If you currently have cabin insurance...keep it!
   – Particularly if your insurance is with an **admitted carrier** (regulated by your state).
   – If your rate increases…pay it, you probably won't find a better alternative.
   – Consider increasing your deductible amount or decreasing non-essential coverages such as personal property (contents) and loss of use coverage for better pricing.
   – Essential coverages such as dwelling property replacement and debris removal coverages should not be decreased as a general rule.
   – If your cabin is held in a Trust or you have co-owners, add those names to your policy as "named insured" to avoid any claim disputes over cabin/policy ownership.

2) Use the same agent/carrier that insures your primary home.
   – Bunding does work!
   – Push back if the carrier states they won't insure your cabin. The carrier may insure other cabin owners in your state.

3) Shop other admitted carriers.
   – National/regional brands (regulated by your state).
   – See the **Cabin Insurance Carriers by State** report on the NFH website.
   – Recommendations from local cabin owners.
   – Leverage independent brokers who have access to multiple carriers.

4) Consider **Assurance Risk Managers** (ARM).
   – Access through **NFH website** (Marketplace).
   – Works primarily with non-admitted (surplus lines) carriers.
   – Strong cabin program knowledge.

5) Consider Fair Access to Insurance Requirements (FAIR) plans.
   – If your state has one.
   – Insurance of last resort.
   – Obtain separate Difference in Conditions (DIC) policy to round out coverage.

Keep pursuing until you obtain a policy you can live with. It may take multiple attempts to reach your goal and the process can be frustrating. If you reach the conclusion that cabin insurance is not affordable and you chose to go without (self-insure), we strongly recommend you obtain a liability-only policy which is relatively inexpensive. As a permit holder, you may be liable for injuries or other casualties on your lot that could result in losses far beyond the value of your cabin.

We extend our thanks to cabin owners who participated in this survey!