



# Cabin Insurance 2019

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## National Forest Homeowners

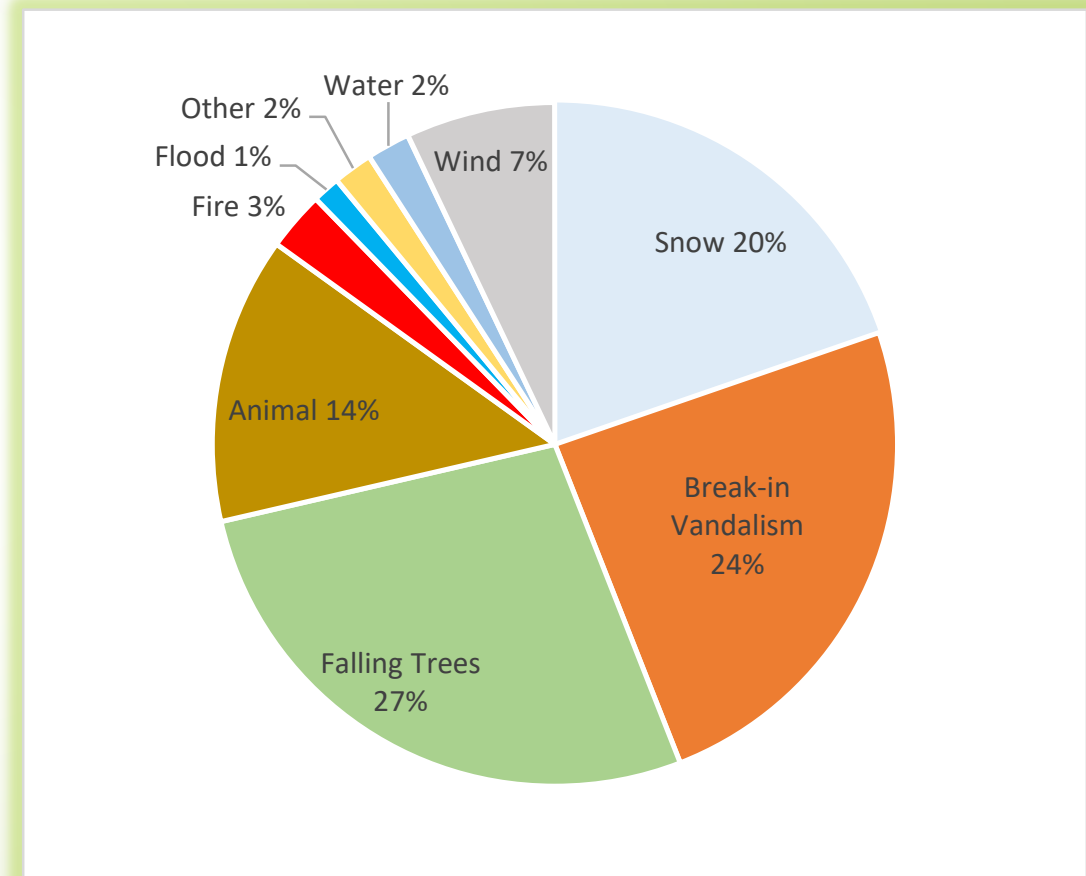
*May 2019*

# Cabin Insurance 2019

What have we learned since our program started:

## Statistics from 2019 Survey.

- 945 completed survey in April, 2019
- Cabins located in 19 states & all 9 USFS Regions
- 39% reported cabin damage or loss (10 yrs.)
- 79% of losses < \$10,000
- Understanding risk of loss helps shape insurance needs and preventative measures
- Most cabin owners have insurance and most are satisfied with their insurer



# Cabin Insurance 2019

## Insurance Guidance

- **Bundle your insurance policies with the same company**
  - ✓ Preferred availability and pricing reported by many cabin owners
- **Don't forget about liability coverage**
  - ✓ Liability exposure means you could lose more than just your cabin and personal property
- **Don't under-estimate cabin replacement value**
  - ✓ Cabin owners who rebuilt indicate costs higher than expected
  - ✓ Seasonal construction will extend time and cost more
  - ✓ Site access may require specialized equipment, adding to the cost
  - ✓ Constructing to historical standards with approved materials adds cost
- **NFH Insurance webpage** (Resources→Cabin Insurance)
  - ✓ Portal to ARM for insurance information and quote
  - ✓ *Cabin Insurance Survey Report*
  - ✓ *Cabin Insurers by State* report

# Cabin Insurance 2019

## Why Insurance?

- *Cabin locations are, by nature, high risk due to:*
  - Heavily wooded and fire-prone locations
  - Generally poor access roads
  - Distance from community fire departments
  - Seasonal access and use
  - Age of structures
  - Age of roof, plumbing, and electrical systems
  - Differing regional and local Forest Service rules regarding lot clearing
  - Every cabin has different characteristics; even adjacent cabins in the same tract
  - Many cabins do not have a street address



Devils Gate, CA

# Cabin Insurance 2019

## Consider these things to reduce insurance costs:

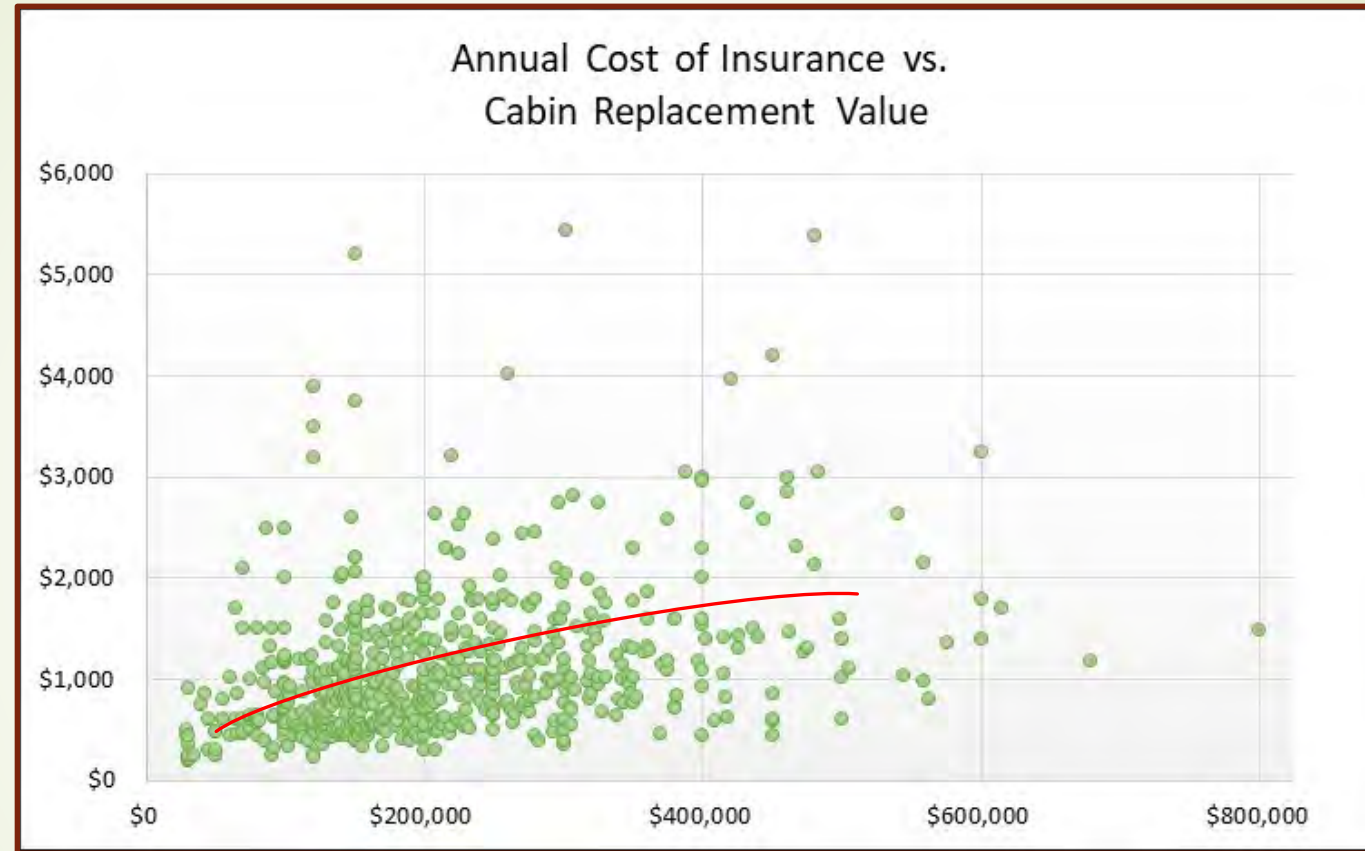
- **Roof.** What is your roof material? How old is your roof? Should it be replaced with more fire-safe materials?
- **Fire Safety.** Are you following the accepted fire-safe standards for lot maintenance? If not, do so. Make sure you maintain a fire-safe cleared zone around your cabin.
- **Electrical.** What's the status and age of your electrical system? Have the electrical panel and circuit breakers been updated? Does your cabin have knob and tube wiring?
- **Water.** Are you draining and protecting your water system during times of non-use? If not, do so.

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Consider these things when talking to your agent:

- **Fewer losses.** NFH survey results indicate that there are relatively few major insurance losses in cabin program
  - *Most losses are due to fallen trees and limbs*
- **Fire-fighting support.** The US Forest Service has a very large firefighting force and they actively protect cabins in wildland fires.
  - *The USFS fire departments work in conjunction with local fire departments and many tracts have volunteer depts., as well.*
- **USFS oversight.** Local USFS special uses staff regularly inspect cabin lots and require cabin owners to complete the work identified during the inspections.
  - *This includes hazard tree removal.*
- **Liability.** Lack of liability insurance is perhaps a greater risk than lack of property insurance. Remember, our cabin lots are open to the general public.
  - *Ask your agent if you have liability coverage at your cabin*

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- *Plotting Annual Cost against Replacement Value reflects significant price variance for similar property replacement values.*

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## Reported Policy Cancellations

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>

### Notes:

- Insurers that cancelled cabin insurance continue to offer cabin insurance to other cabin owners.
- No insurance company appears to have exited the cabin insurance market.
- Insurance company behavior is consistently inconsistent with regard to cabin owners in similar situations



# Cabin Insurance 2019

## ARM Cabin Insurance Program:

- **Identified a clear need for a cabin insurance offering**
  - ✓ Reports of canceled cabin insurance increasing frequency
  - ✓ Many cabin owners struggling to find cabin insurance
  - ✓ NFH survey indicates some dissatisfaction with coverage or pricing
- **NFH Endorsed Cabin Insurance Program**
  - ✓ Assurance Risk Managers, Inc. (ARM)
  - ✓ Works hard to find policy for any location
  - ✓ May find higher pricing, but members who obtained insurance very appreciative
  - ✓ Approaching 1 year anniversary
- **Standard Insurance Coverage**
  - ✓ Property Replacement
  - ✓ Personal Liability
  - ✓ Purchase Directly from ARM
  - ✓ NFH membership a prerequisite for eligibility
  - ✓ Respect existing cabin owner / insurance company relationships

# Cabin Insurance 2019

## What have we learned since The ARM program started:

- **Cost to insure.** NFH members who have bound coverage through our program have been satisfied with the process and coverage
  - *In some cases insurance premiums are higher than with previous carrier, in some cases lower than with previous carrier*
  - *Many quotes have been prohibitively expensive*
  - *Discuss quotes with ARM so that you gain understanding of what drives the price. Cabins in the same tract can have vastly different quotes based on many factors*
- **Reason for changing insurance carrier.** Cabin owners are receiving non-renewal notification from their current carrier.
  - *Wildfires have increased in size and intensity over the last several years*
  - *Several cabins were lost to wildfires in 2018*
  - *Insurance companies are managing their risk because of huge losses due to fires in 2017 and 2018 that ravaged several communities*
- **Rebuilding after fire.** Cabin owners who have insurance are more likely to rebuild after a fire
  - *Cleanup costs after a fire can be extreme and the cleanup itself is emotionally challenging*
  - *Forest Service approval due to regulatory changes can often be daunting*
  - *Hard fact: Most cabins don't get rebuilt*

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## Bound Policies – ARM Insurance Program

Arizona	3 Policies Bound
California	41 Policies Bound
Colorado	6 Policies Bound
Idaho	1 Policy Bound
Minnesota	7 Policies Bound
Montana	3 Bound Policies
New Mexico	1 Policies Bound
Nevada	1 Policy Bound
Oregon	6 Policies Bound
Utah	2 Policies Bound
Washington	5 Policies Bound

Bound Policies	71
Low Premium	\$ 365
High Premium	\$ 5,418

# Cabin Insurance 2019

## What to expect from ARM in the future

- Multiple products to be released which will give members more options.
  - ✓ Special product that gives broadest coverage possible
  - ✓ Basic product that covers a few key perils
  - ✓ Liability only product, that offers standalone coverage
  - ✓ Insurance products for Tract Associations
- Continue to monitor and grow the Cabin Insurance Program
- Add enhancements to product coverage and pricing.



# Q&A Discussion

➔ *Questions?*

➔ *Discussion*

- 20% do not have insurance and want it
- 20% dissatisfied with cabin insurance

✓ 60% satisfied with existing cabin insurance?

