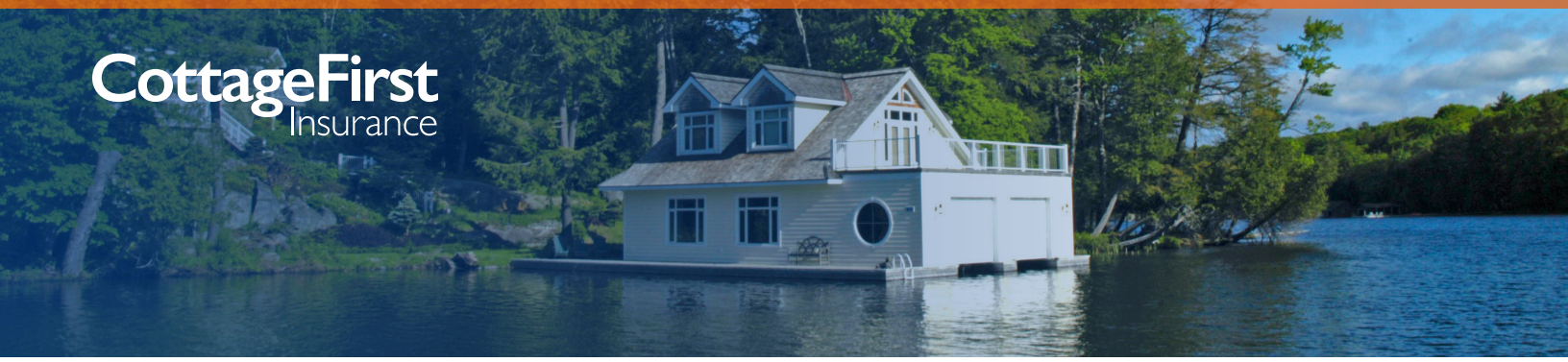
COTTAGE INSURANCE TIPS



Every one of us knows that our cottage is unique! For many reasons, cottage properties are very different from homes in the city, which makes it extremely important that both you and your insurance provider understand the needs of your cottage property. No two cottage insurance policies will be exactly alike, but the following are some important considerations for you to review to make sure that your cottage and your family are properly protected.

COTTAGE INSURANCE TIPS

Rebuilding Values

The purpose of an insurance policy is to repair or rebuild your cottage in the event of a loss. The limit of insurance shown on your policy should reflect the cost to completely rebuild your cottage following a total loss. While many of us made additions and changes ourselves to our cottage, when rebuilding after a loss your Insurer must make use of local contractors to complete the work. In most cases, policies will provide a 'replacement cost' coverage, which commits the Insurer to rebuild the cottage with materials of a like kind and quality, and without deduction for depreciation. Cottages accessed only by water face even higher costs of construction when factoring in the rental of barges and specialized equipment. Considering these expenses, a sufficient limit of insurance is critical. To ensure your policy provides sufficient coverage, cottagers are encouraged to obtain a rough estimate from a local contractor of the cost to rebuild their own cottage. Market valuations, such as real estate estimates or tax evaluations are not reflective of rebuilding values.

Coverage

Not all cottage insurance policies are created equal. There is a wide range of products in the industry from very limited coverage to very broad coverage. When a policy provides "All Risk" coverage, it is very broad, limited only by the specific exclusions within the wordings. By contrast, "Named Perils" coverage specifically lists those perils against which the policy provides protection. However, while they are inherently more limited, many "Named Perils" based policies can meet the needs of cottagers. All policy holders should take time to read through their policy to ensure they understand the coverages provided. In particular, cottagers should look for policies that provide coverage from perils such as: Falling trees and other objects; Vandalism & malicious acts; Theft; Building collapse; and Damage caused by bears, in addition to those more common perils, such as: Fire; Lightning; and Smoke.

Liability

Liability insurance responds to claims of bodily injury or property damage suffered by third parties arising from your personal actions or the ownership and use of your property. Cottages, with their natural terrain and easy access to water, are more likely than urban homes to be linked to a liability claim. Increased liability limits are available, often at minimal cost, and are encouraged for cottage property owners.

Watercraft liability insurance requires your attention, as cottage policies may offer limited or no protection for powered boats. Regardless of the value of the watercraft itself, it is critical that cottagers ensure that adequate liability insurance is in place to respond to injury to third parties related to their watercraft. This protection is part of most watercraft insurance policies, or may be available as an add-on to your cottage insurance policy. Whether or not you chose to insure your watercraft against physical loss, ensuring that proper liability coverage is in place is crucial.

Personal Umbrella Liability insurance policies should be considered as part of every cottage owner's insurance portfolio. An Umbrella Liability policy provides excess limits of protection for a relatively low cost, over the primary liability limits already included under your personal insurance policies. For example, your underlying liability limits on each of your personal policies is $2,000,000. You purchase an Umbrella policy with $3,000,000 limits. Your watercraft is involved in a serious accident causing significant injuries to someone. You are sued for $5,000,000 for your negligence arising out of the ownership and/or operation of your boat and the courts award $4,000,000 in favour of the injured person. Your Umbrella liability policy will be triggered to provide the necessary additional $2,000,000, avoiding the need to liquidate your personal assets to pay the claim.

Fire Protection

Insurance companies often use terms like 'semi-protected' and 'unprotected' on their policy documents to indicate how a cottage is rated and what coverage is afforded as it relates to the distance by road from your cottage to accessible, professional and/or volunteer fire hall protection, and whether that protection has access to your cottage year round. In order to avoid any surprises, with respect to coverage should a claim occur, it is important that you review your existing cottage insurance policy documents to be certain your Insurer's understanding of your cottage's proximity to fire protection is correct. While many lake and cottage associations do an excellent job of providing portable fire pumps for their members, and despite the close proximity of a cottage to large bodies of water, these are not considered reliable sources of protection by the Insurers.

Woodstoves & Cottage Heat

Cottagers across the province enjoy the heat of a woodstove in the colder months of the year. Whether your cottage uses wood as its primary source of heat, auxiliary heat, or simply for ambiance, Insurers vary as to their approach to woodstoves. Proper risk management and steps to maintain your woodstove will help make it easier to arrange insurance for your cottage.

- Woodstoves should be professionally installed and have a metal plate with the mark of a regulatory body (eg. ULC, CSA, etc.).
- If you cannot find a plate or if the woodstove was not professionally installed, arrange for a WETT-certified technician to visit the property and inspect the stove at www.wettinc.ca.
- Have your chimney cleaned at least once a year - more if you are a frequent user of your stove.
- Keep a fully charged Class A fire extinguisher nearby and be sure to test all smoke and carbon monoxide detectors regularly.
- Use properly dried hardwoods as fuel for your fire, such as maple, beech, ash, hickory, or oak.
- Never use gasoline, charcoal starter fluid, or other flammable liquids to start your fire.
- Ashes should not be allowed to build up in your stove. Ash buildup can eventually block the air intake from the draft registers and reduce the efficiency of your woodstove.
- For the extra ashes, have a metal container nearby and let them cool completely before disposing of them.
- Store wood and flammable objects safely away from the wood burning appliance.

Even if you take all of these precautions, over time burning wood leads to the buildup of Creosote. Creosote can take the form of a sticky liquid, a flaky, black deposit, or a hard tar-like substance. It is a highly combustible and unsafe substance which, if left untended, can lead to a chimney fire. The only line of defense against Creosote is regular woodstove maintenance and chimney cleaning.

Wood Energy Technology Transfer Inc. (WETT) is a non-profit training and education association managed by a volunteer board who manages the WETT program. WETT-certified technicians should inspect your woodstove when installed, when purchasing a new cottage with an existing woodstove, or if you have an older woodstove that may no longer meet current safety standards. These technicians will make recommendations to ensure that your woodstove is operating safely. Insurance companies may require a completed questionnaire to insure your cottage with a woodstove or, in some cases, may require a WETT inspection if one has not been conducted.

CottageFirst - Personal Insurance Program

If you are a member of your local lake, cottage or road association, you have access to CottageFirst, the group insurance program built for and offered exclusively to FOCA members. CottageFirst is an excellent, cost effective packaged insurance solution for cottage owners, designed with an attractive FOCA membership discount applied to each of your bundled home, cottage, watercraft, automobiles and other personal insurance policies.

CottageFirst was designed first and foremost for cottagers, and provides one of the broadest forms of coverage available. Coverage for your cottage property includes damage against the perils of windstorm, theft, falling trees and other objects, damage by bears, and collapse due to snow-load, but we don't stop there. Under CottageFirst, we offer comprehensive coverage for your home, insurance on valuable collections, and high limits for personal umbrella liability policies, all available to complement your specific insurance needs.

For more information about CottageFirst, or to speak with one of our brokers about reviewing your insurance needs for your home and cottage, visit our website our call our team at:
www.cottagefirst.com or 1-844-223-3178 (CADE 1ST)

FOCA - Federation of Ontario Cottagers' Associations

FOCA's mission is to protect thriving and sustainable waterfronts across Ontario. Today, FOCA has more than 500 member Associations across Ontario representing 50,000 waterfront families. Environmental information above is an excerpt from the FOCA Healthy Waterfronts guide. For resources like this and more, visit www.foca.on.ca.

Cade Associates Insurance Brokers Limited

Cade Associates is proud to be FOCA's insurance partner, providing exclusive group insurance programs to FOCA members. Most of Ontario's Cottage and Road Associations are insured under FOCA's Association Liability and Property Insurance program, and individual cottage owners are switching their personal insurance policies to CottageFirst, taking advantage of the new comprehensive, cost-effective group insurance program with FOCA. For more information on these two programs visit: cadeinsurance.com/foca and cottagefirst.com.