



# EXTINGUISHING THE COST OF COTTAGE INSURANCE

How volunteer fire departments in five BC communities tackled the problem of home insurance for rural cottagers.

By Sharon McInnes

**M**ost cottagers enjoy waxing poetic to their friends from the city about the joys of life in the country or on the shore. But get a group of off-grid cottage owners together for any length of time after their visitors have gone home, and sooner or later you're likely to hear rumblings of discontent over the cost of home insurance. The issue is, of course, that most cottages are in rural areas where trees (i.e. fuel to stoke a fire) abound and infinite sources of water do not.

Insurance premiums are, not surprisingly, substantially higher in rural areas than in cities. This isn't prejudice on the part of insurance companies. They determine premium rates using a combination of factors, including a community's Fire Insurance Grading Index, Public Fire Protection Classification, and Dwelling Protection Grade. Basically, an area is rated "unprotected" (no fire department, no water supply system), "semi-protected" (volunteer fire depart-

ment but inadequate water supply system) or "protected" (volunteer fire department and adequate water supply system). Fire Underwriters Survey, a national risk management association funded by insurers,

“ Since the classification upgrades, some cottagers have seen their premiums drop by 25–50 per cent. ”

evaluates the fire protection capacity of Canadian communities and assigns a fire grade. In general, the better a community's ratings, the lower their insurance premiums, assuming all other factors are equal.

But all other factors are rarely equal. To establish a premium, insurers may consider many factors: Is the homeowner a smoker? How far is the property from a recognized water supply? How far from the nearest fire station? What is the purchaser's claims history? What level and kind of coverage does he want? How old is the home? Is it made of wood or concrete? What is the value of its contents? Does it comply with building, fire and electrical codes? Is there an alarm system?

In addition, premiums are affected by prevailing property insurance market conditions. As well, some companies give discounts to members and/or seniors. So there are some things individual cottagers can do to reduce their premiums a little (i.e. be a non-smoker and install a monitored alarm system), but the greatest savings result when a community works together to upgrade their Fire Insurance Grading Index.

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