

Flood Water and Home & Cottage Insurance

With the rapid thawing of this winter's snow pack across various regions of Ontario, many people are experiencing heavy flooding and possibly serious flood damage. Muskoka is a particularly hard hit area. While we hope the damage sustained is minimal, many of the MLA Members will be wondering.... "Am I covered?" We hope the following will provide a helpful explanation of how your insurance company will likely respond.

Does My Insurance Policy Provide Flood Coverage?

Flood is, unfortunately, a standard exclusion on all cottage and homeowner policies. The Insurance Industry has held this position for many years as floods are considered relatively common, predictable events - not accidental or unexpected - particularly when properties are adjacent to water bodies subject to material changes in water levels.

Is Flood Coverage Available?

While flood insurance for those directly affected appears to be a logical coverage option, especially when we are face to face with a flood problem, the answer is no. Attempts have been made to establish flood as a coverage option for cottage and homeowners. Historically there has little interest in purchasing the protection (in 2009, after wide spread flooding in Manitoba, a broker developed and offered this additional residential coverage. After two years of sales efforts, this broker only found 20 people willing to purchase such coverage. With not enough take up, the option disappeared). In 2013 it remains an unavailable option to home and cottage owners in Ontario. This coverage is available on commercial policies.

Sewer Backup

When floods occur, cottages and homes can often suffer sewer back up. Depending on the circumstances and the specific insurance contract, protection can be applicable. Please contact your broker to be sure.

Water Borne Objects

With flooding comes the threat of water borne objects impacting docks or boathouses. Again, the industry approach to this risk is standard and the response to this question is not covered.

The one exception to this is for watercraft hitting debris. This should be covered by your boat insurance policy. As circumstances do vary we recommend concerned members consult with their Broker or ourselves, Martin Merry & Reid Limited Insurance Brokers, at 1-888-744-3333, for assistance.

Actively Work to Reduce Damage and Effects of Flood Risk

Whether you have coverage or not, protecting you property from loss, or working to reduce the impact of an existing problem, only makes sense. We encourage you to have your property reviewed for damage as soon as is possible, and to take corrective action immediately.

It is clear flooding remains a real risk in Muskoka. Plan in the future to keep all at risk items above this year's flood line if possible. At a minimum, ensure you won't contribute to the floating debris problem by securing items likely to float away during a flood.

Report your Situation to your Broker

In summary, and in spite of the unavoidable flood exclusion, we do recommend that you contact your Broker with your specific situation for possible assistance. As an example, Chubb Canada will review each situation to provide assistance where they feel it is warranted; in some cases despite the existence of an exclusion.