



# RISK MITIGATION FOR HIGH NET WORTH CANADIANS

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## INTRODUCTION

From custom homes, secondary properties, boat houses, and swimming pools, to collections of luxury cars, fine art, fine wine, antiques, and jewelry, affluent Canadians have risks as unique as their estate assets. They may be worried about how the increasing frequency and severity of catastrophic weather events could impact their assets. Or they may be worried about how those assets make them a target for fraud, cybercrime, and even kidnapping.

In a [recent survey](#) by the Private Risk Management Association (PRMA), a non-profit insurance education organization, two-thirds (62 per cent) of risk managers said the threat of natural catastrophes — such as floods and wildfire — was top of mind for their High Net Worth (HNW) clients. Other top concerns were risks related to personal liability, cybersecurity, as well as travel and personal safety.

In this whitepaper, we look at some of the top risks faced by affluent Canadians, risk management techniques that can help to prevent or mitigate losses, and how high-value home insurance can help.



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## SPECIALIZED COLLECTIONS

Many affluent Canadians have specialized collections, such as art, cars, wine, and memorabilia. Many of these collections increase in value over time; some may even be on loan to galleries and museums. That makes them a target for theft, but they can also be damaged by fire, water, or even improper storage. Many of these items are one-of-a-kind or irreplaceable, so it's better to prevent a loss than deal with the aftermath.



## Art Collections

Fine art could be difficult, if not impossible, to replace. Sunlight, humidity, and improper storage could damage a piece of art; dramatic swings in temperature could cause warping, yellowing, or even mould. Fine art should be professionally installed (especially if it's heavy), away from doors, ventilation systems, and direct sunlight. Museum glass can also help to protect art from damaging UV rays.

“Is a piece of art near a window where sunlight could damage it over time? Is your large dog running by a valuable painting every time the doorbell rings? Maybe one of those times the dog is going to knock it off the wall,” says Xeidhar Dymond, Risk Services Specialist with Northbridge Insurance.

## Wine Collections

If your carefully curated wine collection is the crown jewel of your home, you'll want to make sure it's well protected—especially if your collection includes rare vintages. Theft and breakage are perennial threats, but so are humidity and temperature changes, vibration, and light damage.

A temperature and humidity monitoring system in your wine cellar will alert you if the temperature or humidity drops or rises beyond an acceptable threshold. And a backup generator will ensure your collection is kept at the ideal temperature if there's a power outage. Appraising your collection and ensuring you have the right insurance policy can help in the event of an insured loss.

## Customizing Your Insurance

Much like you can insure a diamond engagement ring, you can insure a specialized collection of just about anything — from a dress worn by a celebrity to a bobblehead dispenser collection. The right policy can ensure you have the right coverage — with the right limits — in the event of a loss, since they likely won't be insured adequately under your homeowner's policy.

It can be hard to put a price on certain items, especially those that have sentimental value such

as an antique or a family heirloom. If an item is considered irreplaceable, is there any reason to insure it? “While we might not be able to replace it, we can at least help by offering a settlement,” says Dymond. “We also have specialists who can assist with restoring your collectibles to help minimize devaluation. And if you lose something that has sentimental value, we can help you try to recreate it.”

For example, if a piece of artwork is damaged by smoke or water, there's always a possibility that an art restorer can repair it so there's no noticeable damage — and potentially no loss of value. And, if there is a loss of value, the right policy could cover the difference.

With high-value personal insurance, you can opt for blanket coverage or itemized coverage — say, for your great-grandmother's engagement ring or a rare book procured at an auction. And you'll want flexibility to ensure your coverage grows as your collection grows. But you also want to avoid a loss and having to make a claim in the first place. High-value personal insurance designed for HNW individuals not only covers repair or replacement, but the insurer will also likely offer risk management techniques to protect your valuable assets.

“High Net Worth individuals should engage an experienced Private Client Specialist from the start of the process. It's a niche sector and these brokers are experts in this type of business. Without their guidance, you may not choose the appropriate policy and coverage for yourself, and you may not be fully indemnified in the event of a loss,” says Heather Rolph, Underwriting Manager with Northbridge Insurance.

For example, if a HNW individual has an extensive art collection, they should consider a fine arts floater. “If a piece of art has been appraised and insured and there's a subsequent loss, we'll do whatever we can to repair, replace, or offer a settlement,” says Rolph. A high-value item can even be scheduled separately, which means if there's a claim on that item, it won't affect your homeowner's policy.

A photograph of a modern outdoor swimming pool at dusk. The pool is illuminated with warm lights, and a lounge area with a white sofa and cushions is visible. The background shows a view of the ocean and a palm tree. The sky is a mix of blue and orange from the setting sun. The text '-03-' is overlaid in the top right corner of the image.

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## PERSONAL LIABILITY

When building or moving into a new home — or renovating your indoor and outdoor spaces — you might be focused on design and aesthetics, not on personal liability. But if the front steps don't have a railing, or the swimming pool isn't fenced in, you could be held liable if a guest slips and falls.

While some personal liability issues may seem obvious — such as slipping on an icy walkway that hasn't been properly maintained — some are less obvious. For example, an attractive nuisance relates to anything on your property that could be alluring to others. If, say, a neighbour's child is injured after wandering onto your unfenced property to use the swimming pool or trampoline, you could be held liable.

Ultimately, it's the homeowner's responsibility to control access to attractive nuisances on the property, whether supervising invited guests or preventing access to uninvited guests. A risk assessment can help you adequately protect your interests.

## Swimming Pool Safety

There's been an increasing demand for pools as an amenity within private residences, in part driven by pandemic lockdowns. In 2021, for example, more than [19,000 pool permits](#) were recorded by Statistics Canada in the first eight months of the year. But swimming pools fall into the attractive nuisance category and come with a heightened level of responsibility for the homeowner.

If you're installing a new pool, ensure that contractors and maintenance personnel are licensed and insured, and that they complete their work in accordance with local building codes and regulations. If you've recently installed a pool or made changes to your existing pool, speak with your broker to ensure you're adequately covered.

"People may not realize that a swimming pool is included in the insured value of their homes. If you were to install an inground pool without letting your broker know, your insurance policy could be falling short of what you need," says Dymond.

### Swimming pool best practices:

- When it comes to pool construction, leisure designs are currently trending, which means they're often not deep enough for safe diving. Inform pool users of the configuration of your pool, as well as restrictions about diving and other pool activities. Anyone using the pool should understand and agree to your rules and guidelines.
- Since it's an attractive nuisance, install a pool fencing system — including a self-closing gate — around the perimeter of the pool, in addition to your yard and property fencing. Also check local building codes regarding the minimum height requirements for any fencing near swimming pools, which may be different for properties without pools.
- If you have a pool room, prohibit unauthorized access by investing in entrance doors that are self-closing and fitted with centrally monitored contacts and/or childproof locks. Add a centrally monitored heat detector for indoor pool rooms and associated mechanical rooms for fire safety.
- Consider adding water sensors, heat detectors, and other monitoring systems that will alert

you if any activity is detected in or around your pool. For example, a splash alarm sounds an audible alert if a certain threshold of water movement is detected, such as someone falling into the pool.

- Pool-sharing apps have entered the Canadian marketplace, allowing homeowners or "hosts" to rent their pools by the hour. An incident on the property would generally leave the homeowner exposed to liability claims. If you're considering renting your pool, speak with your insurance broker to determine if your current policies and limits are appropriate for this exposure.

## Swimming pool maintenance checklist

- Regularly check your pool equipment to ensure there are no leaks, since leaks from pool pumps located near your house can quickly damage the foundation of your home.
- Install pool heaters according to local building codes, which includes surrounding the pool heater with non-combustible walls and proper venting.
- Hire licensed and insured gasfitters to light and extinguish pool heater pilot lights.
- Hire a pool specialist that offers closing services for the winter, which includes lowering the water level, adding winterizing chemicals and equipment, and installing a tension safety pool cover (which can handle a specific weight limit).
- Ensure pool chemicals are used and stored safely in accordance with the manufacturer's directions, and that they're out of reach of children and pets.





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# VEHICLE THEFT

Many affluent Canadians have high-end cars — or luxury car collections — so theft is a major concern. As technology evolves and vehicles incorporate more advanced technology, criminals are using advanced methods to exploit weaknesses, such as key fob hacks.





Thieves continue to exploit technology through relay attacks and connecting to the on-board diagnostic port, which enables them to reprogram key fobs; and organized crime networks are stealing vehicles in greater volume for export internationally.

Équité Association

All high-end vehicles are targets, including SUVs, luxury cars, and pick-up trucks — regardless of manufacturer, according to [Équité Association](#), which releases an annual list of the top 10 stolen vehicles in Canada. “Thieves continue to exploit technology through relay attacks and connecting to the on-board diagnostic port, which enables them to reprogram key fobs; and organized crime networks are stealing vehicles in greater volume for export internationally,” according to the non-profit association that helps insurance companies fight fraud.

A key fob hack, for example, allows thieves to perform a remote hacking technique to enter a locked vehicle. It simply requires coming into close contact with you or standing in front of your home, and then using a wireless transmitter or relay device to amplify and duplicate the radio frequency identification (RFID) signal of your vehicle’s fob — in just a few minutes. The copied signal tricks your vehicle into thinking it’s coming from your actual key fob and is used to unlock the doors and start the engine.

The best way to minimize the risk of vehicle theft is by using a multi-layered approach:



**Block RFID signals:** Some key fobs come with sleep mode or power-saving mode, which you can activate to stop your key fob and vehicle from sending and receiving radio waves. If you don't have this option, use an anti-theft RFID-blocking pouch or box to store your keys whenever they're not in use, which makes it difficult for thieves to find a signal they can clone.



**Be careful where you store keys:** Out of convenience, most people keep their keys by the front door when not in use. But this reduces the distance between the key fob and the vehicle, making it easier for thieves to find, amplify, and copy the RFID signal. If you do keep your keys by the front door, store them in an RFID-blocking pouch or box.



**Park inside a garage:** Even if your car is parked inside a gated property, a garage is an added deterrent. By parking inside a garage, thieves would need to boost the key fob's RFID signal and also break into your garage, which requires more time and effort. It's also much riskier for thieves if you have a security surveillance system on your property.



**Install security cameras:** Make sure cameras are well maintained and night vision-enabled; they should also have a set amount of recording time available (a minimum of one week of footage capacity is recommended).



**Install motion detector lights:** Consider installing additional security measures, such as motion-sensor activated lights, at your front door and driveway, to deter uninvited guests from coming too close to your property. These lights can also help security cameras get a better image of any suspects on your property for authorities to track.



**Use additional security for high-value vehicles:** Consider installing systems such as a ghost immobilizer on your vehicle's main system, which prompts the user to input a unique access code to start the vehicle. Even if the RFID signal is duplicated, a ghost immobilizer is another hurdle that makes it harder for thieves to steal the vehicle.



**Use steering wheel locks:** A steering wheel lock is both a physical barrier and visual deterrent. When locked in place, your steering wheel cannot be turned or moved. While thieves have methods for getting around steering wheel locks, those take time, effort, and the right tools. When used in combination with other deterrents, a steering wheel lock makes your vehicle less appealing as a target.



**Tracking devices:** While this won't prevent your vehicle from being stolen, it can make it easier for authorities to locate and retrieve it, should it go missing.

Additionally, if you own an EV, then you likely have an EV charger in your garage, which could increase the risk of fire. Make sure you have heat and fire detection in your garage, especially if there's a bedroom on top of the garage.



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## NATURAL HAZARDS

Many High Net Worth individuals are concerned about the potential for damage from natural hazards, such as wildfires, floods, wind storms, hail storms, and tornadoes. Now more than ever, insurance companies are considering the risks of climate change and how they can both protect clients and prevent losses that stem from unpredictable natural hazards.



## Wildfires

As urban areas extend farther into forested lands each year, the damage from wildfires is likely to increase annually. Damages sustained on your property could include fire damage as well as smoke and water damage. In addition, your family could be forced to relocate for several months while your home is rebuilt, and your cherished possessions could be destroyed.

Despite an increasing risk of wildfire, steps can be taken to protect your property and mitigate damage. Building design, property access, and creation of a fuel reduction zone can make a significant difference in whether your home survives a wildfire.

### Building design

Sparks and embers are capable of travelling long distances and igniting flammable materials, including your roof.

- When it comes to wildfires, your roof is the most susceptible part of your home. Ensure that roof coverings are made of Class-A fire-resistant material such as asphalt shingles, metal, or clay or concrete tile.
- Masonry veneer, poured concrete, stucco, and fibre cement boards offer superior fire resistance. Vinyl siding is vulnerable to melting when exposed to high temperatures, and wood siding is combustible.
- Vents and openings on the exterior of your home are a common place for combustible debris to accumulate, which could be ignited by embers during a wildfire. All vents should be made of non-combustible material such as metal and be fire rated and approved in accordance with local building codes and standards.
- Combustible materials, such as pine needles, can accumulate in gutters, and open eaves allow for sparks and embers to enter. Ensure that your gutters are cleaned, and eaves are inspected on a regular basis to ensure there's no debris build-up.

## Landscaping


Landscape design can factor greatly into how well your home fares during a wildfire.

- Design a 1.5-metre non-combustible surface perimeter around your home's footprint. This area should be kept clear of combustible materials, such as patio furniture.
- Landscaping within 10 metres of your home should include a low density of fire-resistant plants and shrubs.
- Avoid tall grasses, cedar, juniper, pine, spruce, mulch, and woody debris. Keeping the lawn shorter than 10 cm can help to maintain a fire-resistant zone.
- Avoid stacking firewood against your house. Relocate your supply to at least 10 metres away from your home, being mindful not to store it against outbuildings.
- Install a spark arrestor for the chimney of your woodburning fireplace to reduce the chance of sparks or embers escaping and starting a fire.

## Emergency planning

Advanced planning for emergency access and staging can be the difference between saving or losing your home.

- Is your property easily accessible to the fire department? Is your driveway wide enough to accommodate emergency vehicles? Are any bridges, corners, or hill gradients engineered appropriately to allow for a firetruck to safely navigate the terrain?
- Is your driveway equipped with automated gates? If so, an emergency access protocol should be established. This could involve providing the fire department with a key or gate code, or authorizing your alarm monitoring company to automatically open the gates in the event of a fire alarm.
- Consider requesting a scheduled visit from your local fire department before wildfire season begins. They can assess the unique characteristics of your home and property, and suggest measures to improve your home's [FireSmart](#) profile. FireSmart Canada is a national program that helps Canadians increase neighbourhood resilience to wildfire and minimize its negative impacts.



If you live in a wildfire-prone area, stay up-to-date on your local fire danger warning level, which is determined using the Fire Weather Index (FWI) to assess the risk of an open-air fire. During wildfire season, your local fire department will likely assess and post the warning level daily.

## Floods

Traditionally many homeowners have focused on preventing water damage from occurring inside the home, because of things like leaking or frozen pipes. But with incidents of flooding expected to increase as the planet warms, there's more focus on freak storms and other climate-related weather events that cause costly water damage. Some preventative measures to consider include:

- Use a monitored automatic water shut-off valve in conjunction with water leak sensors, which will alert the homeowner of potential losses.
- These systems usually come with a smart phone app that can detect water, moisture, or excess humidity, and can be monitored from anywhere.

Torrential downpours, ice jams, and rapid snow melt can result in flash flooding, which occurs when the ground can't absorb the water quickly enough. This could become an issue if you have a lot of paved surfaces on your property, since those surfaces are impervious to water —and there's nowhere for it to go except inside your home.

High Net Worth individuals also tend to have more water features in their home and on their property, such as multiple wet bars — and these additional water exposures may require additional protections.

The effects of flooding can be greatly reduced by taking preventative and precautionary measures:

- Install backflow prevention check valves to stop floodwater from entering at vulnerable points where utility and sewer lines enter the facility.
- Install permanent sump pumps with solar and backup power solutions. Backup power generators or battery supplies should be located well above the high-water mark.
- Have backup systems available for use during emergencies, such as portable pumps to remove flood water, alternate power sources (such as generators or gasoline-powered pumps), and battery-powered emergency lighting.
- Use automatic water shut-off valves to monitor water usage; if there's a discrepancy, they will shut off the water supply.

- Well-placed moisture or water leak sensors will alert the homeowner — usually via a smart home app — if water, moisture, or excess humidity has been detected.
- If you live in a flood-risk area, you should have a flood plan in place. Family members and household staff should know what to do in case of a flood.

It can be a good idea to assess your property to look for any vulnerabilities. A high-value home insurance policy may be able to assist with that. At Northbridge Insurance, our high-value homeowner's policy, Onyx, can include a risk assessment where the Risk Services team looks at everything from interior and exterior quality

of finishes to landscaping around the home to swimming pools and structures present on the property.

“We use software that helps us identify if a house is in a water accumulation or flood zone, or could be subject to high water levels. Depending on the data, we might make recommendations, like installing a sump pump with a backup power system,” says Dymond.

“Water is very sneaky. If there's a bubble on the ceiling or a stain that seemingly appeared out of nowhere, we want to know where it's coming from. We use thermal imaging cameras to narrow in on the source of the issue.”



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Xeidhar Dymond, Risk Services Specialist  
with Northbridge Insurance





Affluent Canadians can be the target of cyberattacks, including phishing, ransomware, and fraud. These types of attacks are easier for hackers when everything is automated and connected in smart homes via the Internet of Things. And cybercriminals may view HNW individuals as easier targets than corporations, with a higher pay-off.

Hackers who target HNW individuals usually do their homework ahead of time and can deploy a sophisticated, targeted, personalized attack. In addition to dealing with the fallout of a cyberattack, you may also need to deal with network repair, legal claims, and possibly even public relations services if your family's privacy has been breached. Getting things back on track can take days, weeks, or months.

A multi-layered defense is the best way to mitigate cyber risks:

- Use multiple layers of security controls, including a firewall, intrusion prevention system (IPS), and intrusion defense system (IDS).

- Ensure sensitive data is backed up in the event that a vulnerability is exploited or you're the victim of a ransomware attack.
- Keep all software up to date so there are fewer weaknesses for criminals to exploit.
- Also be aware of phishing and social engineering attacks, where stolen credentials could be used to access your bank account numbers or other sensitive data.
- Be careful about what you post to social media, since your information can be mined, and hackers can use it for social engineering attacks.

Ensuring you have cyber risk coverage can help to protect your assets, particularly if your home network is breached, causing information to be stolen or ransomed. Northbridge has a versatile cyber risk insurance product: Your policy can protect your bottom line if you suffer a breach, but it also provides you with access to extensive cyber resources to help you protect yourself, assistance to help you react, and personalized guidance to make sure the same thing doesn't happen again.



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# HOW NORTHBRIDGE INSURANCE ONYX CAN HELP

A policy for HNW Canadians should go further than simply recommending coverages. Rather, it should include a tailored solution that provides personalized service, manages personal risk, and anticipates future requirements.

“For instance, if your house burns down, do you have enough coverage to rebuild your house with today’s construction material and trade costs, plus anything you’ve added to the home over the years?” says Dymond. “We calculate reconstruction at today’s costs, which means insurance to value.”

High Net Worth policies are tailored to meet the needs of these clients, such as offering higher limits for valuable collections and providing access to risk management experts.

Northbridge Insurance Onyx is our high-value homeowner's policy, moving beyond the basics with a selection of focused coverages and special limits. Our coverage goes further than other policies, with unlimited replacement cost coverage for your home and personal contents. We've also taken the limits off some other coverages, such as additional living expenses if an event forces you from your home.

"Affluent Canadians may not receive the coverage they need with a standard homeowner's policy," says Rolph. "With our Northbridge Insurance Onyx policy, we provide a holistic approach along with VIP claims service, including faster response times and guaranteed replacement costs. And if you need to temporarily move out of your home, we'll ensure that you, your family, and your live-in employees are as comfortable as possible."

A personal insurance policy should speak to your personal experience — not to an imaginary situation. That's why we've compiled a range of useful coverages that can be combined and modified to suit your tastes, routine, and expectations. Here are some of our enhanced coverages for an enhanced lifestyle:

- **Equipment Breakdown:** From climate controls to smart appliances, the value and complexity of your household assets are growing. While home-based technology brings new risks, our Equipment Breakdown extension has you covered if an accident physically damages or destroys any household equipment covered in your policy. You're covered up to \$50,000, but you can purchase more coverage if you need it.
- **Enhanced Household Protection:** If the threat of atrocities such as kidnapping, child abduction, stalking, home invasion, or hijacking keeps you up at night, you need to know you'll be supported in the worst-case scenario. Our Enhanced Household Protection coverage can come into play when a loss of life or disabling injury results from a range of violent threats. It provides up to \$250,000 for each occurrence to any person covered in your policy, which can help to cover medical costs,

salary loss, ransom demands, and a host of other related expenses.

- **Wine and Spirits:** Our Wine and Spirits policy covers accidental breakage and spoilage when the wine is at home, but also when things go awry in transit. You can opt for blanket coverage or itemized coverage, depending on your needs, with no deductible in either case. For an additional premium, you can add other coverages and increase limits, such as increasing your wine and spirits coverage as your collection grows. Since your policy is customizable, you can be sure you're getting the right coverage for your needs.
- **Legal Support:** Northbridge has partnered with ARAG Legal Solutions Inc. to offer a Legal Expense Insurance extension that helps cover legal costs when it comes to unexpected legal events, including contract disputes, employment disputes, tax protection, and property protection. Through Legal Expense Insurance, you have access to experienced lawyers who can provide general legal advice for a variety of legal questions, even if the topic isn't covered by the policy. The Legal Advice Helpline can connect you to a legal professional from 8 a.m. to midnight (local time), 7 days a week. In emergencies, a legal representative can be at your service 24/7.

Our underwriting team understands the personal and specialty insurance sectors, drawing from decades of knowledge and expertise — and we can adapt and expand our offerings as your needs evolve and change.

If you experience a loss, you can count on our dedicated claims team to help get you back on track. We'll work together with your broker to get the claims process underway as soon as your claim is reported, and we'll always keep you in the loop. If any questions or concerns should arise, we're here for you 24 hours a day, 7 days a week.

**Learn more about how [Northbridge Insurance Onyx](#) can help meet your needs!**





### About Northbridge Insurance

Northbridge Insurance is a proud member of the Fairfax family. We have a history and reputation for innovative commercial and specialty insurance solutions created with the customer in mind. Working closely with our trusted network of broker partners, we offer tailored solutions and superior service. For more information, visit [www.northbridgeinsurance.ca](http://www.northbridgeinsurance.ca), or contact your Risk Services Consultant or our Risk Services Department at 1-833-692-4111.