



WILDFIRE FALLOUT

PROPERTY INSURANCE WON'T COVER LANDSLIDES

BUSINESSES AND homes located in areas that have been hit by wildfires have another risk they face after the fires subside: flooding, landslides, debris and mudflows. These events are not covered by a standard business property or homeowner's insurance policy.

Areas affected by wildfires have a significantly increased risk of landslides, mudslides and mudflows due to the destruction of vegetation, which leaves the soil susceptible to erosion during times of heavy rainfall.

Even a moderate amount of rain can trigger them in recently burned areas, particularly on steep slopes.

Business owners and homeowners whose properties survived the recent L.A. fires need to reassess their insurance coverage as their property policies won't cover damage from these events. If they don't, they would have to pay for repairs or rebuilding out of pocket should a landslide or mudflow occur.

The rationale for non-coverage

A landslide covers a wide range of ground movements, such as rock falls, deep failure of slopes and shallow debris flows. Typically, these movements are triggered by factors like heavy rainfall, earthquake or changes in groundwater which destabilize the slope integrity.

A landslide is considered an "earth movement" event so, like an earthquake, coverage is excluded from standard homeowner's and business property policies.

There are also mudflows, or mudslides, which are like a river of liquid mud flowing down a hillside, usually because of a loss of brush cover (typically from a fire) and subsequent heavy rains.

These events are considered as floods, which commercial property or homeowner's policies won't cover.

Coverage options

In order for these events to be covered by insurance, a property owner would have to secure specialized coverage depending on the potential risk.

Differences in conditions coverage – To cover damage from landslides, you would need a "differences in conditions" policy. These policies cover damage that a standard property policy will not, like earthquakes and landslides. Each policy will name the perils it covers. Please note that if you have earthquake coverage, it will not cover damage from a landslide or mudslide.

Flood insurance – If you feel your property is more prone to flooding or mudflows as a result of a degraded landscape after a wildfire, you can secure flood insurance, which is available from the National Flood Insurance Program and some private insurers.

The takeaway

If you are concerned that your property could be in danger of these events, call us to review your insurance options. Think about:

Conducting a risk assessment: Evaluate your property's vulnerability to mudslides, landslides or mudflows, particularly if it is located near slopes or areas with loose, wet soil and is prone to heavy rains.

Taking preventive measures: You can mitigate the risk of these events by implementing landscaping and architectural designs that help stabilize the ground and manage excess water.

Reviewing your coverage options: Call us to review your current homeowner's insurance or business property policy to assess your coverage. That, combined with your risk assessment, can help us determine if you may need either a differences in conditions policy or flood insurance. ❖