



**INSURANCE
EXPECTATIONS**
FOR RAINY DAYS

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To kick off 2023, something unusual happened in California. It rained. It rained A LOT. In a place where sunny skies are the default and severe drought is our usual environmental concern, weeks of recurring rainstorms found many residents were unprepared for this abrupt change in weather. Not only were residents unprepared for the rain, but we quickly learned that our land and buildings were unprepared as well.

Flash flooding and high winds made us suddenly pay close attention to the weather reports, and we all quickly became familiar with terms like “atmospheric river” and “soil saturation.” In the aftermath of these unprecedented weather events, many people are also now becoming familiar with the limitations of their insurance policies.

Insurance coverage for water intrusion from rain is often problematic because the water intrusion is commonly caused by items that have worn out due to age. “Wear and tear” is specifically excluded under property insurance coverage. Another common exclusion to property coverage is defective construction, which applies to design, materials and workmanship. Since it rains so seldom and so mildly in Southern California, it is very easy for people to remain unaware that the waterproofing around windows and doors or roof materials has worn out until there is a heavy rain.

Property insurance usually contains some exclusionary language regarding water that denies exterior water sources whether flowing or seeping into the building. In some cases, rain is even excluded by name. However, it is important to note that if damage caused to the structure is *first* caused by a covered peril (for example, a heavy wind breaks a tree limb that falls on the roof creating a hole through which rainwater enters), there is a much greater chance of coverage for the claim.

The most recent storms have delivered such large amounts of water in short periods of time that many exterior barriers that had worn out over time could not withstand the force of the heavy rains. In some cases, the volume of water was so great that drains and entire drainage systems were overwhelmed and the water pooled, then snuck under doors or seeped through exterior walls. Unfortunately, most claims for damage related to the rains have been denied by insurance carriers. Adjusters



have not been swayed by insured comments like, “*I have lived here for 18 years and never seen a rain like this.*” or “*This is an act of God, there was nothing we could do!*” or even “*But the roofer just installed this two years ago. This is not our fault!*”

On the one hand, insurance carriers cannot be expected to cover items that failed due to negligent maintenance. If they did, no one would be motivated to maintain property and there would be so many claims paid that no one could afford property insurance. On the other hand, it is hard to describe the feeling that comes from learning about the limitations of insurance coverage through a claim denial letter.

The recent rains have shown the importance of understanding insurance coverage and its limitations. It is easy to maintain assumptions about coverage if a policy renews automatically each year or if one is in the habit of absently signing on the dotted line when your agent or broker sends the renewal proposal. The reality is that insurance is a *conditional*

contract of coverage and not all policies are created equal. It is important that insureds ask questions to understand that there are risks that may not be covered by an insurance policy and must be managed through other means. It reinforces the importance of regular maintenance, inspections, and consultations with experts when appropriate, as well as carefully researching contractors before hiring.

In the land of sunshine, it is easy to be lulled into a false sense of security, but we must all be prepared for bad weather. “Atmospheric river” is not commonly used in everyday conversation, but if I had an insurance claim costing thousands of dollars denied by my insurance after one occurred, I don’t think it’s a term I would easily forget.



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