

NEWS BRIEF

Provided by: Venbrook Insurance Services

California Storms Result in Estimated \$30 Billion in Losses

California's Pacific storms—known as atmospheric rivers—have resulted in more than \$30 billion in damages and economic losses since Dec. 2022, according to AccuWeather Inc. Major flooding, widespread power outages, landslides, fallen trees and road closures have cost between \$31 billion and \$34 billion in economic impact.

The California Department of Insurance has warned insurers not to act too quickly when denying flood, mudslide and other claims resulting from the atmospheric rivers; these exclusions are not enforceable if it can be established that a wildfire—a covered peril—was the proximate cause.

The California Insurance Code § 530 states, “An insurer is liable for a loss of which a peril insured against was the proximate cause, although a peril not contemplated by the contract may have been a remote cause of the loss; but he is not liable for a loss of which the peril insured against was only a remote cause.”

California Insurance Commissioner Ricardo Lara wrote, “Based upon the Insurance Code provision and established case law described above, insurance companies should not deny these claims before undertaking a diligent investigation regarding the cause of loss and carefully considering the facts.”

These losses are more than triple those resulting from December blizzards in Buffalo, New York. However, they are less than the estimated \$180 billion to \$210 billion losses that resulted from Hurricane Ian in Florida last year. More losses are

predicted as the weather pattern is expected to continue through the end of January.

For more information, contact us today.

