



The Surplus Line
Association of California

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Re: Commissioner Issues Guidance on Coverage of Flood, Mudslide and Earth Movement Claims

As California is dealing with massive flooding due to the recent rainstorms, Insurance Commissioner Ricardo Lara has issued a notice to all insurers providing homeowners and commercial property insurance regarding state law on coverage of mud flow, debris flow, mudslides, landslides and other similar events.

The commissioner notes that the California Department of Insurance (CDI) is aware that many homeowners and commercial property policies exclude these events, but [California Insurance Code Section 530](#) states that if wildfire (a covered peril) was the “efficient proximate cause” of these events, such exclusions are not enforceable.

Commissioner Lara’s notice points to the pertinent sections of the law and several court cases that may provide guidance to insurers on how to apply the law to claims decisions. To read the commissioner’s notice, please [click here](#).

Although the notice is directed to insurers, surplus line brokers should also be aware of the notice and the law.

Questions can be directed to Lisbeth Landsman-Smith, a senior staff attorney with the CDI, at (916) 492-3561 or lisbeth.landsman@insurance.ca.gov.

