

From: MacDowell Barry
Sent: Tuesday, April 08, 2014 1:01 PM
To: Joyce Biddix; Linda Acquino
Subject: Barry... Specific Questions re mud-slides, etc.

Hi Linda and Joyce,

Thanks for a very prompt response to my question. To clarify, the warning from AutoOwners (about perils NOT covered that got me thinking) was worded exactly... "the policy [personal] does NOT cover "floods, earthquakes, mudslides, mudflows and landslides".

The Association has earthquake coverage and I am not concerned about floods. So that eliminates those two. What I am specifically wondering about is "mudslides, mudflows and landslides"

To be honest, what got me thinking was twofold:

1. all the media coverage about the recent Washington State mudslide tragedy
2. the nature of Fleetwood's geographic location and topography. (All of the units are somewhat close to the edge. Some of the units are VERY close to the edge.)

Your thoughts? I would welcome your opinions and recommendations. (I will share with Phil.)

Barry

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From: Joyce Biddix
Sent: April 9, 2014
To: Barry MacDowell
Subject: Specific Questions re mud-slides, etc.

Barry,

Flood insurance is complex. There isn't a cut and dry answer to all your questions but I am going to give it a try by starting with definitions.

What Is a Flood?

Flood insurance covers direct physical loss caused by "flood." In simple terms, a flood is an excess of water on land that is normally dry. The official definition used by the National Flood Insurance Program is "A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from: Overflow of inland or tidal waters; Unusual and rapid accumulation or runoff of surface waters from any source; mudflow; or collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above."

What is Mudflow?

Mudflow is defined as “A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water.” Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows.

Mudflows are different from other earth movements, such as landslides, slope failures, and even moving saturated soil masses in which masses of earth, rock, or debris move down a slope where there is not a flowing characteristic.

Damage from mudflows is covered by flood insurance; damage from landslides and other earth movements is not.

What is a Mudslide?

Mudslide is defined as “A large mass of wet earth that suddenly and quickly moves down the side of a mountain or hill.”

Earthquake or flood insurance may cover a mudslide, but the coverage depends on the cause of the slide. Flood insurance may cover mudslide damage as long as the mud is carried by a river or stream of water. So, if a dam breaks and picks up a hillside and carries it into your home, coverage may be available. However, a flood policy will not cover damage if a hillside becomes saturated as a result of rainfall and slowly begins to move. That is consider earth movement. The biggest issue is how the government defines a loss. What we might consider mudflow the government may determine the cause of loss to be a mudslide. I saw this a few years ago when a home slid down a mountainside in Canton. No coverage was afforded under the flood policy.

What is a Landslide?

“The downward falling or sliding of a mass of soil or rock on from a steep slope.” Landslides usually move over a confined area. Many kinds of events can trigger a landslide, such as over steepening of slopes by erosion associated with rivers, glaciers, or ocean waves; heavy snow melt which saturates soil and rock or earthquakes that lead to the failure of weak slopes.

Landslide is not covered under a flood policy. Landslide coverage can be purchased through an excess and surplus insurance carrier such as Lloyd’s of London. Example: For a \$500,000 home the premium would be in the neighborhood of \$2,500 a year.

I am also attaching a sample flood insurance policy for a condominium building for your reading pleasure. If you have additional questions I will do my best to find the answers.

Joyce C. Biddix, CISR
Commercial Account Executive & Select Account Manager

Morrow Insurance Agency, Inc