

# OC INSURANCE ALERT

## Insurance Review Coming To Orange County, California?



Insurance  
Companies

OC  
Homes

## ARE OC HOMES STILL INSURABLE AFTER ALL THE RECENT STORMS?

### Growing insurance concern

With all the talk about what has been happening in the insurance industry, it is no surprise that many in Orange County, California (herein as OC) are concerned about whether OC will remain an insurable place to live after all the damage that the recent rains inflicted on OC properties, damage which many OC property owners haven't yet discovered. In the event insurance companies discover what has happened, the chances of a massive insurance "pullback" in OC could be high because of the fear that insurance companies could be flooded with claims from OC property owners which insurance companies may not be able to process let alone pay because of the sheer volume of high-dollar claims.

### The wrath of mother nature

Over the past two years, heavy rains pummeled OC homes and other properties resulting in hidden foundation, structure, and roof damage, as well as an explosion of toxic mold. According to the LA Times, the Southern California area may be hit with even bigger atmospheric-river storms in the future, which could exacerbate the problem even more.

### Significant widespread damage

To determine the scope of the problem, homes in OC cities such as Tustin, Irvine, Newport Beach, Costa Mesa, Huntington Beach, Lake Forest, Foothill Ranch, Mission Viejo, Aliso Viejo, and Laguna Hills were tested and found to exhibit hidden

foundation, structural, and roof damage due to moisture intrusion. Visible signs of damage included parcel movement, uneven flooring, cracked foundations and walls, windows and doors that were hard to open, mold in attics, and a distinct "earthy" odor upon entry (sign of interior mold). Real estate agents have been keeping quiet about the issue because of how it could cause buyers to avoid buying homes in OC. Meanwhile, it has been determined that the cost to repair these homes could exceed 40% of their value, if not more. Apartments were also tested (list at moldyrentals.com) and found to have the same problems making these apartments uninhabitable per state law. However, leasing companies continue to lease these apartments anyway to unsuspecting tenants.

### An uninsurable Orange County?

Because the storm damage has impacted properties across OC, such a watershed event may cause insurance companies to "reclassify" OC resulting in the entire county being deemed uninsurable.

### Housing market could tank

If an insurance pullback occurs, it may trigger Zillow and others to do a recalculation of OC's property values. As a result, the value of OC homes could drop to 'zero'. Towards the end of 2023, OC Assessor Claude Parrish determined the value of homes in Tustin to be 'zero' because of asbestos fallout from the hangar fire, which pales in comparison to the storm damage mother nature has inflicted on properties all across OC.

### The 'Stay' or 'Sell' question

Faced with the threat of an insurance pullback, OC property owners face a tough decision: Do nothing, or sell to avoid the impact on their property values. Others may elect to walk away creating a flood of defaults. The damage has been done and now, only time will tell if OC property owners can weather the storm's costly aftermath.