

# Mudslides, Sinkholes, and Earth Movement: What's Covered, What's Not

By Robin Manougian

Last year brought us record-breaking drought. A dry winter, followed by an equally dry summer, left our region parched, with water-use restrictions and building moratoriums put in place until further notice.

Be careful what you wish for, the old adage says. 2003 brought record-breaking snowfalls for our area—as much as 24" fell in some areas during the mid-February storm alone—and May and June combined saw 36 days with measurable rain that broke the previous record for the same period by two days. This was a record set back in 1889. In fact, 8 of the past 10 months have been wetter than normal (statistic as of August 1).

Unfortunately, last year's dry conditions and this year's extremely wet conditions set the stage for the increased chance for mudslides, as well as sinkholes. Steep hills and mountains are often the site of mudslides, which can happen when the earth is weakened by heavy rain and snowmelt that saturates the ground. Once a slope is weakened, almost anything can prompt it to slide, including rain, earthquake, thunder, the weight of a building or structure, alternate freezing and thawing, or additional snow weight.

## Mudslides

While land and mudslides are more common in the Rocky Mountains, Appalachians, and the Pacific Coastal regions, they can happen almost anywhere when the conditions are right, as our region is now all too aware. Where mudslides are concerned though, it is important to understand what claims relief, if available, can be recovered through insurance.

The Causes of Loss—Special Form from the ISO Commercial Risk Services, Inc., is among the broadest written forms of commercial coverage available, and the form by which many

condominium and cooperative community insurance policies are based. The Special Form is extremely clear in its exclusion of Earth Movement to insured structures, which include retaining walls. It states that, "Any earth movement (other than sinkhole collapse), such as earthquake, landslide, mine subsidence or earth sinking, rising or shifting" are all expressly excluded from coverage, "But if earth movement results in fire or explosion [the carrier] will pay for the loss or damage [to insured structures] caused by that fire or explosion." Additionally, mudslide, and mudflow are also named exclusions under water-related losses.

Coverage for a mudslide is available through Flood Insurance, as outlined by the National Flood Insurance Program (NFIP). However, keep in mind that the NFIP defines a flood as "a general and temporary inundation of normally dry land from the overflow of inland or tidal waters, the rapid accumulation or runoff of surface waters, or mudslides (mudflows) that are caused by flood and collapse". In other words, before a mudslide claim is accepted, the proximate cause of loss must be determined to be a flood, as described by the NFIP. The Flood Policy specifically excludes mudslides, land sinkage, landslide, land movement resulting from subsurface water accumulation, gradual erosion, or any other earth movement except mudslides or erosion as are covered under the peril of Flood.

In addition, it should be noted that Flood Coverage is not an automatic part of a community association's policy, nor is it included in a basic homeowner's policy. Flood coverage is available, either by endorsement or as a separate policy, for homeowners as well as renters, and you will need flood insurance if you live in a designated flood zone. You should also consider purchasing flood coverage if your house

could potentially be flooded by melting snow, an overflowing creek or water running down a steep hill. Nevertheless, don't wait until the threat of a flood is imminent. There is a 30-day waiting period before coverage takes effect.

## Earthquake Coverage, Earth Movement and Mudslides

Not surprisingly, Californians buy the most earthquake insurance, but earthquake



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insurance has been sold to residents of all 50 states. The Earthquake Education Center at Charleston Southern University reports a 40 to 60 percent chance of a major earthquake somewhere in the eastern United States in the next 20 years. In fact, earthquakes have occurred here (the earliest recorded in Maryland was in Annapolis in 1758), and our entire region has felt the effects of quakes that have originated along the New Madrid fault line that runs through Arkansas, Illinois, Indiana, Kentucky, Missouri, Tennessee and Mississippi. Earthquake coverage, like flood insurance, is available as an endorsement to a community's

master policy or a homeowner's policy. It is reasonably priced in our area, with the deductible typically being 5 percent of the total loss.

### Sinkholes

Sinkholes are typical in Florida, where geologically speaking, most of Florida is a thin layer of clay and sand floating atop limestone and caverns. While the soil makeup in our region isn't nearly so delicate, drought conditions mixed with the drawdown of groundwater, construction vibrations, brimming retention ponds, and even heavy traffic can impact areas of the soil that are not as stable.

Unlike mudslides, the loss or damage to an insured structure caused by sinkhole collapse, is a covered cause of loss in even the Basic Form of Commercial Property coverage. A sinkhole is defined as "the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite [sediment-forming rock made up of calcium magnesium carbonate]." Keep in mind, however, that coverage does not include the cost to refill a sinkhole, nor does it include the sinking or collapse of land into man-made underground cavities.

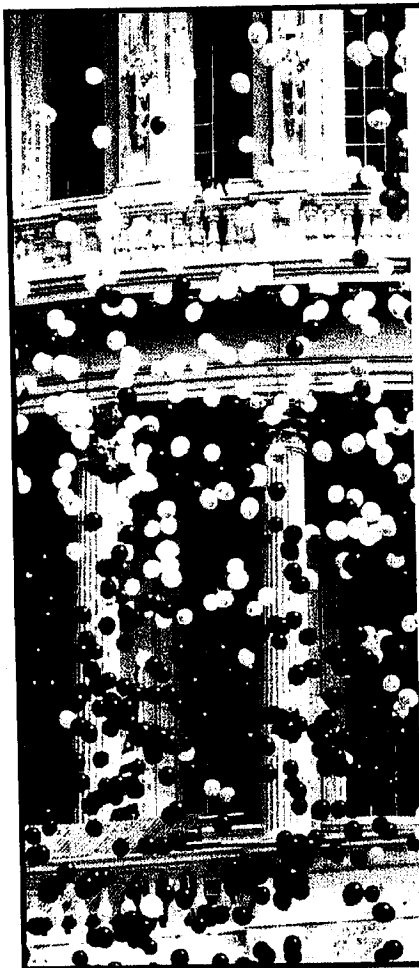
### Soil Problems

Our region also has areas where the soil is marine clay (among the issues affecting Lands-downe), indicating that the soil was at one time under water. Marine clay can become slippery, and under the right conditions, unstable.

Expansive soil also can cause problems, since by nature it expands when it becomes wet, pushing structures, trees, etc. out of place. As this type of soil dries it contracts, leaving moved and unsupported structures and trees to fall or become subject to soil erosion.

If you believe your community or home is at risk of any of these perils, contact your insurance agent. While some perils are uninsurable, (as mudslides and earth movement would be in the absence of flood or earthquake), recovery following a loss may still be available under certain circumstances—if the right coverage is in place.

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