Hurriquakes. Are you prepared?

BANKERS INSURANCE SERVICE
Always A Leader

California is no stranger to earthquakes. It is, however, extremely rare for a 5.1 magnitude earthquake to occur in Southern California on the same day as a tropical storm. This rare event happened earlier this year.

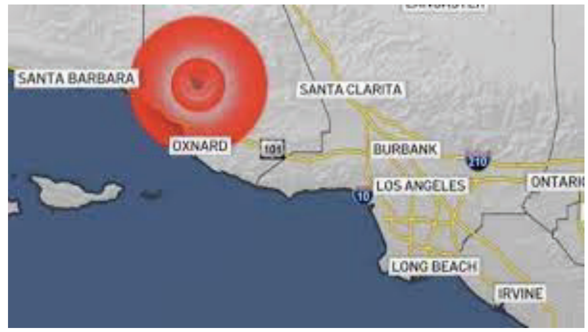
On Sunday afternoon August 20, 2023, Hurricane Hillary, which was later downgraded to a tropical storm, made landfall in Southern California. The storm brought with it 60 mile-an-hour winds, thunderstorms, flash floods, and mud slides. This was the first tropical storm to strike Southern California in almost 84 years. One of the big questions asked after Hillary struck California is "who carries flood insurance in the desert?" To make this event even more unique, just a few hours later a 5.1 magnitude earthquake struck the Southern California city Ojai.

Clearly, two major storm events happening at the same time in the same area is very rare. In fact, the novelty of these events happening at the same time has caused the creation of a new word: "hurriquake."

Although it is unknown if "hurriquakes" will become more common, it seems like every other day we are hearing about, earthquakes, hurricanes, floods, and other natural disasters causing damage in areas rarely seen before.

As a mortgage owner, what do you do when collateral property is damaged by a peril against which the borrower was not required to maintain insurance? What would you do if you owned mortgages on numerous properties in Houston during Hurricane Harvey, where it is estimated that 85% of the damaged homes were not insured against flood losses?

What would you do if a large portion of your mortgage portfolio was damaged by the "next big earthquake" in California, where It is estimated that only 13% of residents maintain earthquake insurance.



These questions keep many lenders up at night. The answer to all these questions is: Mortgage Impairment Insurance. Mortgage Impairment Insurance is a type of insurance sold to banks, credit unions, financial institutions, housing authorities and insurance companies (amongst other mortgage lenders and servicers) to protect the mortgage holders when mortgage property is damaged in the absence of insurance on the mortgaged property. The absence of insurance could be the result of a failure to maintain the insurance that was required of the borrower or because the peril was not required to be insured against in the loan documents. Regardless of the reason, if a lender sustains a loss to its mortgage interest due to physical damage to mortgaged property in the absence of insurance, Mortgage Impairment could pay to repair the damage or pay off the balance of the loan.

With unexpected weather events happening more often,
Mortgage Impairment is becoming more and more valuable.

If you are interested in obtaining a quote for coverage, please contact Bill Dieterich at: **William.dietrich@bankersinsuranceservice.com**.