Browne Jacobson

California bomb cyclone set to 'to exceed $1bn' in storm damage costs

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The American National Weather Service has declared an environmental emergency, warning of a 'r*elentless parade of atmospheric rivers*' in California.

Described as a 'bomb cyclone', heavy rains have caused widespread storm damage due to toppled trees, large hailing, lightning, flash floods and falling debris. Storm damage to buildings has resulted in at least 50,000 ordered evacuations and more than 120,000 homes experiencing power outages.

Commenting on the national cost of recent weather, AccuWeather chief meteorologist, Jonathan Porter stated,

'It is likely this is going to be at least several billion dollars'.

Considerations for insurers

With another bomb cyclone set to hit California this month and the continued threat of climate change, severe weather in the form of intense storms is increasingly likely to occur. For that reason, this could result in increased customer reliance on storm damage terms within building and contents insurance policies.

Insurers should consider whether its policy terms meet customers' needs, whilst also ensuring sufficient protection against systemic risks.

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