

## Claims Notes: March 2025

### CALIFORNIA

#### Property Insurers Paid Out \$7 Billion for Los Angeles Wildfire Claims

Catastrophic events can strain the insurance industry's resources in investigating and processing claims. Many California property insurers anticipated a high volume of claims and streamlined their claims process. Some allowed policyholders to file claims by submitting photos of the damage, often in place of the insurer's on-site inspection. The California Department of Insurance has created an online tracker reporting the number of claims submitted, partially paid claims, and total paid out for home, business, and living expenses claims related to the Los Angeles wildfires. As of the last update on February 5, 2025, insurers have paid out \$6.9 billion to approximately 20,000 policyholders. Most payments issued have been advance payments. The data does not include property rebuilding or debris removal, which will grow as rebuilding begins. [California Claims Tracker](#)

#### Soot and Ash From California Wildfires Not Covered

In 2019, a wildfire broke out half a mile from the plaintiffs' home. Although the plaintiffs shut their windows and doors, soot and ash entered their home. No burn damage occurred. The plaintiffs' industrial hygienist determined the home could be cleaned by wiping the surfaces, vacuuming, and power washing. The insurer paid \$2,300 to the plaintiffs for cleaning costs. The plaintiffs decided to clean the home themselves but later submitted a \$35,000 cleaning estimate. The property insurer made several additional payments, bringing the total paid to \$22,400. Plaintiffs sued for breach of contract. The trial court granted summary judgment to the insurer, reasoning that there had been no "direct physical loss" because soot and ash did not physically alter the home. The California Court of Appeal affirmed on the same basis. [Decision](#)

#### Sex Abuse Exclusion Applied to Molestation by Masseur Because Patron in His Care/Control

During a massage, a masseuse allegedly inappropriately touched a female patron. The claimant sued him. The CGL insurer denied coverage based on a sex abuse exclusion that applied where the victim had been in the insured's "care, custody, or control." The masseuse entered a consent judgment. The claimant then sought to collect the judgment from the masseuse's CGL insurer. The trial court granted summary judgment dismissal to the insurer, ruling that the sex abuse exclusion barred all claims.

On appeal, the claimant contended that the exclusion should not apply because she had not been in the masseuse's "exclusive control." She based this argument on decisions addressing exclusion j(4) (damage to property in the insured's care, custody, or control), which require the insured to have "exclusive control" of the property. The claimant argued that the same rule should apply to bodily injury claims. The California Court of Appeal rejected this argument, finding that the patron had been in the insured's "care" during the massage — similar to a doctor or priest. [Decision](#)

### NEW JERSEY

#### Model's Coverage Suit Tossed Because She Misrepresented Illness and Ability to Work

A pipe burst, causing flooding in the plaintiff's unit. Plaintiff, a model, submitted a claim to her homeowners insurance for damaged personal property. She further claimed mold made her "sick and unable to work." The insurer paid plaintiff \$53,000, including \$14,700 for dwelling damages,



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#### Related Practice Areas

- Bad Faith
- Casualty & Specialty Lines Coverage
- Insurance Coverage
- Property Insurance

#### Industry Sectors

- Insurance

\$14,700 for personal property damage, and \$17,000 for alternative living expenses based on her alleged exposure to mold. Plaintiff felt “shortchanged” and sued for breach of contract. During discovery, the insurer believed the plaintiff’s claims were false and likely fraudulent. The plaintiff’s lab tests were “negative for mold exposure.” Despite plaintiff’s claim that she could not work, plaintiff produced records for various modeling jobs. While plaintiff claimed her U2 Special Edition iPod had been damaged, she did not own one. The trial court granted summary judgment dismissal based on plaintiff’s misrepresentations. The Appellate Division upheld the dismissal, concluding that the record on appeals demonstrated plaintiff made numerous misrepresentations.

Decision

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