

Evacuees face hurdles with insurance claims following Garden Grove chemical tank crisis

ABC7

Residents forced to evacuate parts of Orange County last month after a chemical tank crisis in Garden Grove say they are struggling to recover out-of-pocket costs, with some insurance claims quickly denied.

A fund created to support about 50,000 affected residents has stopped accepting applications after receiving more than 6,000 requests, according to the Orange County United Way.

With that option closed, many evacuees have turned to their insurance providers – with mixed results.

On May 22, authorities ordered evacuations after firefighters warned that a tank holding toxic chemicals at GKN Aerospace could explode or spill, putting lives at risk. Among those affected was Jeff Goddard of Cypress, who fled with his family.

“I’m married. I have a wife, three kids, we have animals and so trying to find a place where you can actually go on such short notice on a holiday weekend? Not very easy,” Goddard said.

The family secured a hotel in Manhattan Beach, where they stayed for four nights until it was safe to return home. Between lodging and food, they spent just under \$2,000.

“You’re trying to get back to normal life and so then you start looking into some of the different things you’re going to do,” Goddard said.

At first, he tried to access community funds promoted by city leaders but was unsuccessful.

“We sat on hold for like three hours and then never ended up getting through so it was a little

frustrating,” he said.

Goddard then reviewed his renters insurance policy and found a loss-of-use clause, noting that explosions were listed among covered perils. He expected his claim to be approved.

“Literally within a day, we got a call back from the adjuster, explained our case to them and within five minutes of explaining the case, they said, ‘Oh, well you’re denied. Sorry,’” he said.

A denial letter stated that the possibility of an explosion did not meet the policy’s coverage requirements.

“It was really disheartening afterwards to have your insurance company tell you that had the tanks exploded, you would have been covered,” Goddard said.

Consumer advocates say such denials raise concerns about how policies are interpreted. Amy Bach, executive director of the nonprofit United Policyholders, believes the denial undermines the system.

“I think that’s a really dicey position for them to be taking,” Bach said.

She added that the outcome may leave policyholders facing an uphill battle.

“What are they saying here? They’re saying you should have ignored the evacuation? So bottom line, of course, we’d like to see these claims get covered, but for a lot of the policyholders, they’re going to have to fight,” Bach said.

Goddard has filed a complaint with the California Department of Insurance.

In the meantime, he says the experience has left his family both frustrated and financially strained.

“That’s not the way you want your insurance company to treat you,” he said. “When you need them, they’re not there standing with you.”