

Earthquake Insurance Is Not Just for Californians; Quakes Are Possible in Many Areas and Can Occur at Any Time

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NEW YORK, April 2, 2013 – California carries two-thirds of the nation’s earthquake risk, but other parts of the United States are also exposed. The magnitude 5.8 quake that hit Virginia on August 23, 2011, for instance, is a vivid reminder that people in many parts of the country face this threat and should consider purchasing earthquake insurance, according to the Insurance Information Institute (I.I.I.).

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Earthquakes and Insurance

Earthquakes are *not* covered under standard U.S. homeowners or business insurance policies. Coverage is usually available for earthquake damage in the form of a supplemental policy from private insurance companies.

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In California homeowners can secure coverage from the California Earthquake Authority (CEA), a privately funded, publicly managed organization, as well as from private insurers. The CEA does not offer coverage for commercial, industrial or business properties. The CEA gives homeowners discounts on their policies when they retrofit their older homes to better fit current earthquake standards—for instance, bolting the house to the foundation; bracing cripple walls with plywood; and strapping water heaters to the structure of the home.

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“Earthquakes can strike suddenly, without warning and can occur at any time, and in any season of the year,” said Loretta Worters, vice president of the I.I.I. “That’s why it’s important that everyone, no matter where they live, contact an insurance professional to make sure that they have the right type and amount of insurance.”

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Earthquake insurance provides protection from the shaking and cracking that can destroy buildings and personal possessions. It may cover increased costs to meet current building codes and costs to stabilize the

land under your home. Earthquake insurance covers debris removal and pays for extra living expenses you may have while your home is being rebuilt or repaired. Coverage for other kinds of damage that may result from earthquakes, such as fire and water damage due to burst gas and water pipes, is provided by standard homeowners and business insurance policies in most states.

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Review your earthquake coverage and declarations page or ask your insurance professional to explain whether you have coverage for landslides, mudflows, tsunamis or volcanic eruption. In some states, separate coverage must be purchased. In other states, landslides and mudflows are covered up to one year after an earthquake.

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Cars and other vehicles are covered for earthquake damage under the optional comprehensive portion of an auto insurance policy.

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Earthquake insurance policies often carry a deductible, generally in the form of a percentage rather than a dollar amount. Deductibles can range anywhere from 2 percent to 20 percent of the replacement value of the structure, depending on a myriad of factors such as where you live and the type of home you have. So, for example, if it costs \$100,000 to rebuild a home and the existing policy has a 2 percent deductible, the policyholder would be responsible for paying the first \$2,000 in repair costs.

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- Articles: Preparing for an Earthquake; In Case of an Earthquake; Recovering from an Earthquake; U.S. Earthquake History
- Video: Protecting Your Home from an Earthquake
- Facts and Statistics: Earthquakes
- Issues Update: Earthquakes: Risk and Insurance Issues
- White Paper: California Earthquake Authority

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RESOURCES

- Insurance Information Network of California
- Insurance Institute for Business & Home Safety

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