



Does my business need earthquake insurance?

Business insurance Q&A

Business Insurance

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Though rare in many areas of the country, earthquakes can be highly destructive. Commercial property insurance covers some natural events, such as wind damage, but you must purchase separate coverage if you want protection against earthquakes. This Q&A will help you weigh your risks and determine if you need this type of coverage. In addition, ask your insurance professional if your business should consider adding earthquake insurance.

Frequently asked questions about earthquake insurance

Q. Do I really need earthquake insurance?

A. According to the U.S. Geological Survey, our nation has about 20,000 earthquakes a year—mostly small. That said, since 1900, there have been earthquakes in 39 states, with damage in all 50 states. You may especially want to consider earthquake insurance if your business is located near geological fault lines or in a state prone to quake damage, such as California.

Q. What does commercial earthquake insurance cover?

A. Your business earthquake policy will generally cover damage to your building and to your business property such as your inventory. Depending on the policy, lost business income caused by an earthquake may also be covered. Coverage only begins when damage has exceeded your policy's deductible—the amount you pay out of pocket before your insurance kicks in. Earthquake insurance policies often have high deductibles—ranging from 2 percent to as high as 20 percent of the value of your building, depending on its location, age and condition.

Q. Are there special requirements for qualifying for earthquake insurance?

A. Your business property may have to undergo an inspection and upgrades before you can qualify for earthquake insurance. For instance, before your building can be insured against earthquakes, you may have to have the structure bolted to its foundation. You may also be required to brace chimneys and walls, as well as make other improvements.

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