



ACUMEN
SOLUTIONS GROUP

Your bridge to insurance solutions
acumenins.com/

What Is Earthquake Insurance?



Did you know every state is at some risk for an earthquake? Although most of the earthquakes that occur in the United States are small and don't cause damage, some can be catastrophic.

So it's important to consider your unique risks, like where you live, in determining whether earthquake insurance is right for you.

The risks

Just because an earthquake hasn't made the news in your area recently, don't let this lull you into a false sense of security. It's better to investigate the potential risk to make a more informed decision about your need for coverage. For example, did you know Missouri is the third-largest market for earthquake insurance among the states, exceeded only by California and Washington?

To help assess earthquake risks, the U.S. Geological Survey has created [National Seismic Hazard Maps](#). These maps show how often scientists expect damaging earthquakes in various parts of the country.

According to the website:

All states have some potential for damaging earthquake shaking. Earthquakes are not just a California or a West Coast problem. Hazard is especially high along the west coast, but also in the intermountain west, and in parts of the central and eastern U.S., such as near Memphis, TN, and Charleston, SC.

The 16 states with the highest earthquake hazard from natural earthquakes are Alaska, Arkansas, California, Hawaii, Idaho, Illinois, Kentucky, Missouri, Montana, Nevada, Oregon, South Carolina, Tennessee, Utah, Washington, and Wyoming. The states with the lowest ground shaking hazard are Florida, Iowa, Minnesota, North Dakota, and Wisconsin.

While the hazard maps indicate the potential occurrence for damaging tremors, the amount of actual damage could vary by region. Even a small earthquake concentrated in a small area without stringent earthquake building codes could cause more damage than a large earthquake spread over a large, mostly unpopulated area.

Buying a policy

Most homeowners insurance policies do not include coverage for earthquake damage. If earthquake coverage is not included in yours, it may be time to add it.

Most private insurers can add earthquake coverage either as an extension to your existing homeowners policy or as a separate, stand-alone policy. If your primary insurance company does not offer it, you can simply add it through a different private insurer. Your agent can help you with this process.

Policy basics

It's useful to understand the basics of earthquake insurance when comparing policies.

Earthquake insurance is optional, and there are three parts to earthquake coverage:

1. Dwelling coverage to insure damage to your home.
2. Personal property protection for your belongings.
3. Additional living expenses to cover costs incurred if you have to reside elsewhere during repair.

If you rent, you obviously don't need dwelling coverage, but you can still purchase earthquake insurance to pay for your belongings or the cost of living elsewhere during repairs.

If you own a condominium, you may need coverage to pay for any assessments required by your condo association for repairs. The association can provide this information to share with your insurance professional.

Mobile homes can be protected with dwelling coverage.

Rates vary

Earthquake insurance rates can vary significantly, depending on potential risks in your geographic area. Cost is largely determined by hazard maps but can also be influenced by:

- Local building codes.
- The age of your home.
- The number of stories (taller homes are more likely to tumble).
- How your home is framed (wood is more flexible and better able to withstand tremors).
- The type of soil around your home (sandy soil absorbs more movement than clay or rock).
- The kind of foundation (raised foundations offer more flexibility).

If you're in a high-risk area, you can retrofit your home to be more earthquake resistant, which may also reduce your insurance premium. Your insurance professional can offer ideas for reducing your risk of loss, which may include bolting your home to the foundation, bracing the chimney, installing automatic gas cutoff valves and strengthening walls with plywood.

Earthquake insurance should cover your dwelling up to the same limit as the coverage on your homeowners policy. However, the deductibles on earthquake policies are typically higher than those on homeowners policies. The general rule is 5% to 15% of the policy limit, but it could be higher.

Factor exclusions into your decision-making process

Earthquake policies often carry exclusions. Be sure to consider this when comparing different options. Exclusions often include vehicles, collectibles, harm to land (think sinkholes or erosion) and damage to soft- and hardscaping, such as pools or fencing.

Some policies provide options for "engineering cost," which would extend coverage to a greater portion of your losses. Of course, your insurance professional can clarify any exclusions, help you evaluate your specific property exposures, and add additional coverage as appropriate.

Another major exclusion is water damage. Earthquakes commonly cause flooding or tsunamis. You'll need flood insurance to cover these events. You may also want to consider the risk of sewer or drain backup and confirm that you have protection for these as well.

Most standard earthquake policies do cover losses from resulting fires, but verify with your insurance agent that this is true for the policy you select.

Figure out how close you are to a fault line

Earthquake insurance outside the highest-risk areas is quite affordable and can help tremendously with very expensive costs, such as foundation repairs, if your property is damaged by an earthquake.

It's worth checking the U.S. Geological Survey maps to see how close you are to a fault line and then asking your insurance agent about the price of adding earthquake coverage to your homeowners or condo policy.

Acumen Solutions Group, LLC

(516) 986-3425
insurance@acumenins.com

Acumen Solutions Group, LLC

600 Broadhollow Road
Suite 200
Melville, NY 11550
acumenins.com/



This content is for informational purposes only and not for the purpose of providing professional, financial, medical or legal advice. You should contact your licensed professional to obtain advice with respect to any particular issue or problem.

Copyright © 2021 Applied Systems, Inc. All rights reserved.