



Southwestern Insurance Information Service

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FACT SHEET

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Do you need earthquake insurance?

The availability of earthquake insurance in Oklahoma and Texas has propelled this issue into the public domain and the focus of a number of stories in the media following two significant earthquakes in Oklahoma.

Most standard homeowners policies do not cover a structure for damage resulting from an earthquake.

Some insurers write this type of coverage and some do not. Of those who do not directly write earthquake insurance, a few work with vendors who do cover these types of events. In Oklahoma less than \$7 million in direct premiums are collected each year for earthquake insurance.

Trying to purchase earthquake coverage immediately following an event can be extremely difficult because of insurance company concerns over the very real potential for related aftershocks. Many companies institute moratoriums of 30 days or more depending on the magnitude of the earthquake.

In California, a state where earthquakes are frequent, only about 12 percent of homeowners have earthquake insurance.

Premiums for earthquake insurance vary, but a consumer can expect to pay anywhere from a bit over \$100 to several hundred dollars for \$100,000 in coverage. However, a company may also predicate the deductible on 10 percent of the structure's replacement cost. The amount of the deductible can fluctuate from company to company but a good rule of thumb is a deductible of \$10,000 on a \$100,000 home.

Recently Oklahoma Insurance Commissioner John Doak said "Earthquakes can strike at any time and without warning. But in Oklahoma we have been getting clues for sometime that a damaging event could be in our future. There is no time like the present to consider the future and the policyholder's potential need for earthquake coverage."

Consumers should call their insurance agent or company to fully understand the protections they may have or need.

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