

Earthquake Insurance

CLOSING THE INSURANCE GAP

Lessons learned from the aftermath of disasters have revealed, time and again, that you can effectively manage risk and recover faster after a disaster if you have insurance. However, the increase in insurance premiums has made coverage unattainable in many areas, contributing to the decrease of US citizens with insurance covering seismic claims. Below, learn more about the state of earthquake insurance in the USA.

Landscape today

1.

Traditional earthquake insurance covers damage caused by an earthquake by insuring pure loss.

2.

Parametric insurance is a relatively new approach that insures policyholders against specific events by using a model to calculate the actual damage inflicted. Payments are triggered if set parameters agreed on in the contract are met and verified by a third party.

3.

Standard homeowners' insurance does not cover damage resulting from land movement or landslides.

4.

Most insurance companies stopped insuring earthquakes in the 1990s due to projections that hinted that a major earthquake could make them insolvent.

5.

Most potential insurance buyers, if impacted by an earthquake, would experience damage that does not exceed their deductibles, making insurance's high rates untenable.

Top three markets:

CALIFORNIA

EXPERIENCES **90%**
of the country's earthquakes.

ONLY **10%**

of its residents had earthquake insurance in 2014.



WASHINGTON

ONLY

11.3%

of Washington's residents were covered in 2017, despite being the second largest market in the seismic space.



MISSOURI



Premium rates skyrocketed over a fifteen year period — in comparison:

60%

IN 2000

12.7%

IN 2020

of New Madrid property owners had earthquake insurance.

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Inside a Typical Earthquake Policy

COVERS:



REPAIRS

to your home and attached structures.



PERSONAL BELONGINGS

such as furniture and clothes.



ADDITIONAL LIVING EXPENSES

for when your home is uninhabitable after an earthquake hits.

DOES NOT COVER:



FIRES

caused by an earthquake are covered under your homeowners insurance.



VEHICLE DAMAGE

Comprehensive auto insurance is required to cover this.



FLOODS

Flood insurance is needed, even if the flood is caused by an earthquake.



SINKHOLES

Coverage can be added to your homeowners insurance or through separate coverage. Check first though – certain states mandate insurers offer sinkhole coverage.



MASONRY VENEER

such as the brick, stone or rock used for your home's veneer.



FEMA

FEMA RISK MANAGEMENT DIVISION
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