



Guidance Education Service

Earthquake Insurance



How Earthquake Insurance Works

Examples of Damage

An earthquake can damage a house in many ways. Here are a few:

- ~ It can become “racked”. This means the entire structure is crooked.
- ~ Stucco and drywall can shift, crack and fall off.
- ~ The foundation can fall over if you have “cripple walls”.
- ~ The house can fall off the foundation if it is not bolted to it.
- ~ If you have a block or brick house, the structure itself may become compromised because of cracking.
- ~ The entire house can fall over or be deemed unlivable.

Coverages and Deductibles

- ~ Damage due to an earthquake is not covered under your standard Homeowners, Condo or Renters Policy – you must purchase coverage separately.
- ~ The deductible is usually quite large. A standard deductible is 15%. For example, if your “dwelling” coverage is \$750,000, your deductible would be \$112,500.
- ~ Depending upon the company, deductibles can range from 5% to 20%.
- ~ Often you can choose other coverages – not all companies offer all choices

Options for Carrying Earthquake Coverage

- ~ California Earthquake Authority Policy (A carrier must contract with the CEA to offer CEA policies. Carriers who do not contract with the CEA must offer their own insurance.)
- ~ Carrier Endorsement
- ~ Stand-alone policy
- ~ Take your chances

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Please note: This document contains general concepts which should not be applied to any specific circumstance, policy or claim. It is not part of the policy contract and does not obligate the insurance company in any way. Your policy and related endorsements are your contract with the insurance company and as such should be reviewed carefully.