

# The Homeowner's Foolproof Guide to Buying Earthquake Insurance

Nothing puts a homeowner on high alert quite like talking about natural disasters. And with everything that's been happening in our nation recently, it's hard not to find yourself discussing "what ifs" for every topic from fires and floods to massive mudslides. But there's one natural disaster that many people underestimate, and unfortunately, standard Homeowners Insurance doesn't cover it. Earthquakes.

*If you wait too long, you could miss out.*

Scientists say it's only a matter of time and the next 'big one' is on the horizon. In fact, the USGS says there is a greater than 72% chance of a magnitude 6.7 earthquake in the next 30 years in California (same size as the Northridge earthquake that killed 60 and over 20 Billion in damage). Most companies that offer earthquake insurance will not sell it in an affected area for about two months after a significant quake. Now is the time to protect yourself.

Instead of leaving you to sort out the mysterious world of earthquake insurance for yourself, our team at CheapEarthquakeInsurance has created this Foolproof Guide to help you make smart decisions and get the right coverage for your home and property.

## **Included in the Foolproof Guide to Buying Earthquake Insurance:**

Who needs earthquake insurance?

Where can I get earthquake insurance?

What do I need to know about earthquake insurance policies?

How much does earthquake insurance cost?

Why deductibles matter

## **Who needs earthquake insurance?**

You might be surprised to learn that an earthquake can happen almost anywhere in the US, and not all quakes have purely natural causes. Oil fracking can increase the risk of earthquakes in places where they would otherwise be extremely unlikely. The United States Geological Survey Agency (USGS) which studies our nation's physical landscape and natural hazards have found that [42 of our 50 states](#) have the potential to experience damaging earthquakes.

All it takes is one. If you don't have standalone earthquake insurance or an add-on to your homeowner's policy, it can be financially devastating. Not only because you'll be paying out of

pocket to replace any damaged valuables and personal property, but you'll also pay out of pocket for any significant damage to your home or foundation.

The western states are among those most likely to experience a significant quake. **Three states with particularly high earthquake risk are Washington, Oregon, and California.** USGS provides an [interactive map](#) that allows you to view the seismic hazard risk of your area.

### **What do I need to know about earthquake insurance policies?**

Like most other types of insurance, there's a lot of fine print in earthquake policies. To truly compare coverage options, it's vital that you know what to look for and understand how variations in coverage could affect you in the event you have to use your policy. Some key things you need to know about earthquake policies is what they will and will not payout for.

#### **What you can expect an earthquake insurance policy to pay for:**

- Repairs to your home and any attached structures (like an attached garage).
- Personal belongings including furniture, clothes, electronics and most other possessions you keep in your home.
- Living expenses while you aren't able to live in the house, for example, while it's being repaired (most of the time there's a cap).

#### **What's not covered:**

- Flooding isn't covered by earthquake insurance, even if an earthquake caused the flood. And you should know, floods also aren't covered by standard homeowner's insurance. You would need standalone flood insurance. Call our friends at ([www.californiafloodinsurance.com](http://www.californiafloodinsurance.com)) if you need flood insurance.
- Fires – even as a result of earthquakes – aren't covered by earthquake insurance. But the good news is they are covered by your standard homeowner's policy.
- Landscaping and fences aren't usually covered. Neither is exterior masonry, but some companies do offer exterior masonry veneer coverage as an add-on to your earthquake policy. Also, the CEA does not cover pools, while we have carriers that WILL offer coverage.
- Damage to your cars isn't covered, but if you have comprehensive coverage with your auto insurance policy, it should be covered by that insurer.
- Sinkholes aren't something many people think about, but they can be more common after a big quake. Most of the time this is not part of a standard Homeowners policy, though a few insurance companies do offer it as an add-on. If yours doesn't, you can buy separate coverage.

#### **Covered sometimes but not a guarantee:**

- Outbuildings are covered by some but not all earthquake policies. If you have a barn, shed, detached garage or other important buildings on your property, you need to make sure to check if they're covered or if you will need additional insurance.

- Debris removal for post-quake cleanup.
- Land restoration if there's significant movement.

## **How much does earthquake insurance cost?**

The bottom line is there are many variables that influence the cost of earthquake insurance. Some aspects you have some control over and some you don't. Deductibles are typically somewhat variable, and we'll discuss those below. Things you can't control but can influence the cost of your policy are the zip code, the replacement cost of your home, the soil type it's built on, the age of your home, and the seismic activity and risk level of your property.

If you're a renter, you don't need to worry about dwelling coverage. You just need to make sure you are getting enough personal property coverage to replace all your belongings.

***Regardless of where your property falls on the spectrum, we can help you find an earthquake policy that balances coverage and cost.***

## **Why deductibles matter**

Unlike most Homeowners policies that have a single deductible that applies to both structures and personal property, earthquake insurance can have multiple deductibles. And they are often higher than standard Homeowners deductibles.

What we see most often in the industry is deductibles of 10-20% of the overall dwelling coverage limits. If your earthquake insurance offers \$300,000 of dwelling coverage and your deductible is 20%, you're looking at a \$60,000 deductible in the event of a total loss. What that means for you as you go to rebuild is you'll get a check from the earthquake insurance company in the amount of your dwelling coverage minus the deductible. In our example, you would get a check for \$240,000 to help you rebuild a \$300,000 home. Quite a difference. More recently some carriers have come out with more deductible options such as 2,3 and 5%. These would increase the premiums in some cases significantly, but its always great to have options.

When we help our customers compare policy options, we always check the deductible amount, whether multiple tiers are offered, and if there is one deductible for the policy or multiple.

***Depending on the risk of your area, you may want to opt for a balance between premium cost and deductibles. If you live in a high-risk area and can afford the premiums, opting for the lowest deductible could maximize your return in the event of a claim.***

## **Where can I get earthquake insurance?**

The good news is, you don't have to hunt for earthquake insurance on your own. And what a relief because with how complex these policies can be, you wouldn't want to! Instead, you can work with our team here at [CheapEarthquakeInsurance](https://www.cheapearthquakeinsurance.com).

Our insurance experts will assist you in finding policy options that fit your property and budget and comparing them to find the best one for your needs. Plus, we can help you figure out if your current homeowner's policy offers an earthquake rider or policy add-on as well.

### **Other Considerations**

If you're a homeowner, it's likely that the amount of dwelling coverage on your earthquake policy will mirror your standard Homeowners policy. If you haven't looked at the amount lately, now is the time to double check it and make sure you are adequately covered.

We typically recommend our clients insure their dwelling for Replacement Cost. Replacement Cost is usually a higher value than when you insure for ACV (Actual Cash Value), and it can make your policy premium a little higher. However, if you are insured for ACV it's highly likely you're underinsured in the event of a total loss. And that's not something you want to discover after a catastrophic event!

**Ready to take the next step and investigate your earthquake insurance options?**  
**[Contact our team today](#) to learn more about earthquake policies, ask any questions you may have, and get a no cost, no obligation quote.**