



# Earthquake Insurance

If you are considering purchasing earthquake insurance, the experts at Brown & Brown Insurance would be happy to advise you.

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## Everything You Need to Know About Earthquake Insurance

Earthquakes are few and far between, but when they do occur they can be devastating. In fact, among natural disasters, earthquakes are the most costly to recover from. Despite the enormous financial impact that an earthquake poses to one's home and belongings, many view earthquakes as an abstract risk—one that will likely never happen to them. However unlikely it may seem, it is important to get the facts and take prudent financial precautions, including opting for earthquake insurance to protect your assets.

### Earthquake Insurance

Many people do not realize this, but most homeowner's policies do not include earthquake coverage. You will need to purchase either a supplemental policy to your current homeowner's policy, or a separate earthquake insurance policy (automobile insurance policies generally cover vehicles for earthquake damage under the optional comprehensive portion of the policy).

### What Does Earthquake Insurance Cover?

Earthquake policies typically cover damage to your house and your belongings, up to the insured amount. If possible, you'll want to buy enough to cover the cost of rebuilding your house and replacing your belongings. While your standard homeowner's policy may cover fire damage that results from an earthquake, an earthquake policy is important to cover damage that results from shaking, such as structural collapse.

### How Much Will it Cost?

Because of the massive potential damages associated with an earthquake, coverage tends to be expensive. Your premium amount will depend on your location, along with the age and structural composition of your home. In addition, earthquake policies include a percentage deductible, generally ranging from 2 to 20 percent of total damages, which means you'll still have significant out-of-pocket costs in the event of an earthquake. However, you'll want to weigh the cost against your risk of experiencing an earthquake, and your ability to survive the financial aftermath of such a catastrophic event. In assessing your financial exposure, it's important to know that the government typically will not provide much financial aid for earthquake victims, and help may be limited to low-interest loans that you will need to repay.

### Other Considerations

When buying a policy, you should read it closely to be sure you understand what is covered and what is not. Find out if it covers your house only or the garage as well, whether it will cover additional living expenses if necessary, along with any other exclusions or limitations. You also should know how much time you have to file a claim following a quake, as damage is often not apparent immediately after the incident. Each policy is different. Brown & Brown Insurance can offer you recommendations and help you shop around to find the policy that best fits your needs and your budget.

### What's My Risk?

Typically, we think earthquakes strike only in a small portion of the country—namely California, Oregon and Washington. However, more recent experience also shows that the Midwest region of Illinois, Arkansas, Indiana, Kentucky, Mississippi, Missouri and Tennessee is at relatively high risk of earthquakes due to a fault line that runs through those states. Don't live in any of those states? You're not necessarily off the hook. Consider these statistics:

- Earthquakes have occurred in 39 different states since 1900 and about 90 percent of Americans live in seismically active areas.
- There is a 40 to 60 percent chance that a major earthquake will strike somewhere in the eastern U.S. in the next 20 years (*Earthquake Education Center, Charleston Southern University*).
- The Midwest region mentioned above has a 40 to 63 percent chance of suffering from a major earthquake in the next 15 years (*Insurance Information Institute*).
- There are still unknown fault lines in existence that may only be discovered when an earthquake hits a new region.

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**Know your coverage, know your risk.**