



## Earthquake Insurance Fact Sheet

- 1.) As the frequency and magnitude of earthquakes increase, coverage becomes more difficult to obtain. Some insurance carriers have stopped writing coverage in Faulkner County and others have limits to the magnitude of an earthquake, after which they will write no more policies (for instance, a magnitude of 5.0 is a pre-existing limit for some carriers).
- 2.) Under most circumstances, earthquake insurance is very affordable. Deductibles range from 1% to 20% of the value of your property. This deductible is separate and in addition to the deductibles required due to "non-earthquake" damage.
- 3.) Earthquake coverage can usually be added to your current property policy. If your insurance company does not offer this coverage, it can be provided as a stand-alone policy. Consumers should contact their current insurance agent FIRST to determine whether earthquake coverage can be added to their existing policy.
- 4.) Earthquake coverage can cover the structure, additional structures and contents. In addition, it can be purchased to cover either replacement or actual market value of the covered property.
- 5.) If you ultimately decide to purchase earthquake insurance, you should buy enough to cover the costs of rebuilding your structure and replacing your broken possessions. To get the best coverage, the amount of insurance should be based on replacement and reconstruction costs, not the market value of your property and possessions.
- 6.) There are several important questions to consider when picking an earthquake policy:
  - a. Does the policy cover only the dwelling? Are the accessory structures, such as garages, also included?
  - b. Will your policy pay for the contents of the structure and for additional "loss of use" or living expenses if the structure is badly damaged or destroyed?
  - c. Are there any exclusions or limitations to the coverage? Are those exclusions or limitations critical to your business or lifestyle?
  - d. What deductible must you pay before the insurance kicks in? Do you have the funds available to cover this level of deductible?
  - e. Consumers should also understand their rights for filing claims prior to signing any earthquake policy documents. It is important to know how much time may elapse after a quake before a claim is filed. In some cases, damage from an earthquake is not immediately apparent.