

Earthquake Insurance and San Diego County Residents

[Part 1 - How much danger is your home in? Where do you live?](#)

[Part 2 - What do San Diego County residents have to know about Earthquake Insurance Policies, Risks and Costs?](#)

[Part 3 - What should you do after a quake - from an insurance perspective](#)

Part 1 - How Much Danger is Your Home or Business In? Where do you live?

If you live in California, the US Geological Survey has said that Southern California will most likely be hit with a big earthquake within the next 30 years. They said that there is a 99% chance that we'll experience a quake with a magnitude of at least 6.7. They also said there is 46% chance that we will have a 7.5 magnitude quake - or bigger.

So what does that mean for San Diego County residents? Even though the "big one" is supposed to have an epicenter somewhere in Southern California, most San Diego residents are not highly at risk. Well, at least compared to Orange County and Los Angeles (LA) residents. One indicator is earthquake insurance rates. In San Diego versus LA, the average premium cost in San Diego is only \$251 per year compared to Los Angeles and Orange Counties which is \$693 per year.

According to a recent San Diego Union Tribune article, a 'Big One' in California would not be like the recent big quake in Chile. Because California's seismic plate tectonics differ from Chile's, our region is not subject to the large magnitude quakes that they experience down there. In California the plates slide sideways while in Chile they slide under each other. Additionally the crust is a lot thinner here than in Chile. Because of those two factors, seismologists predict a maximum 8.1 quake at the worst for Southern California.

The San Andreas Fault, which extends from the Salton Sea to the town of Parkfield in Monterey County, provides the greatest seismic threat. Luckily though, the Salton Sea area is a long distance away from most San Diego residents. In addition, the San Andreas Fault is inland and would not result in a tsunami, which caused much of the recent damage in Chile. There are several off shore faults near San Diego but they are very small and do not present much risk.

If a big jolt did indeed hit the San Andreas Fault near the Salton Sea, San Diego City residents would definitely feel it, but most likely would not experience catastrophic damage or casualties. Despite that, we do have a few smaller local faults that have the potential to generate a pretty big jolt. The most worrisome San Diego County faults are the Rose Canyon Fault on the east side of Pacific Beach and La Jolla. A little further south and inland, the La Nacion Fault runs through South San Diego, Chula Vista and

National City. In East County mountains and deserts, you need to be aware of the Elsinore, Aqua Caliente and San Jacinto Fault Zones.

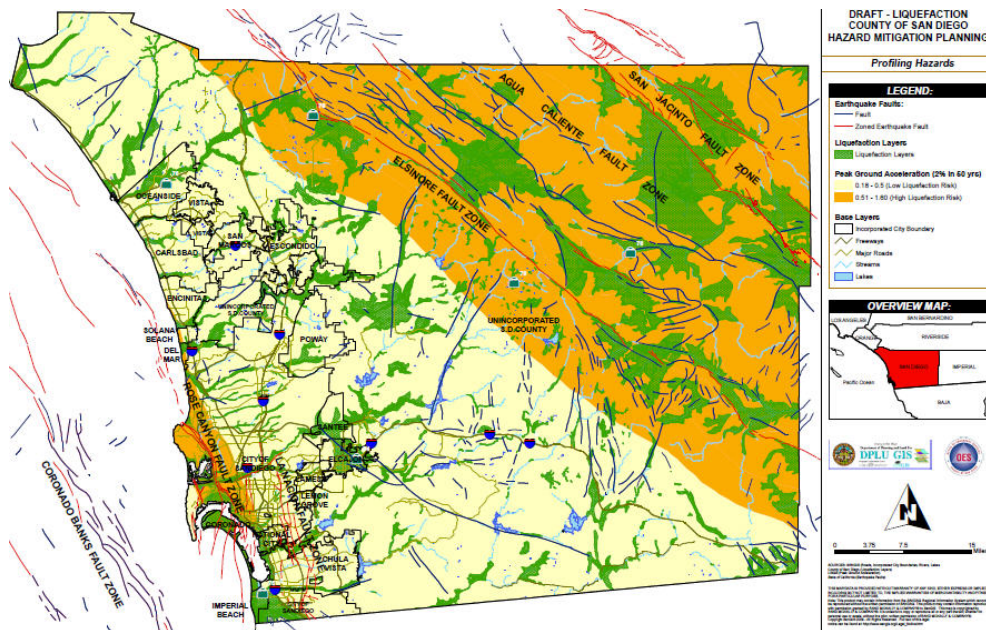
So, depending on where you live, there is varying danger of fault movement and earthquake shaking. If you live close to a known fault, you should be aware of the possibility of a large jolt damaging your property. However, there are two other risk factors as well, they are landslide and liquefaction. During an earthquake, especially after wet weather, the violent earth shaking may trigger a landslide. However, of more importance is what your home or business is built upon.

Many San Diego homes and businesses are built on sand or on fill and are vulnerable to what is known as soil liquefaction. During a quake these kinds of soils can act like jello, amplifying a quake's movement more than a home built on rock or settled land. Because of liquefaction, a home that is close to an earthquake epicenter that is built on rock may experience less shaking and damage than a home that is much further away that is built on sand or fill.

How can you find out what is under your home and what danger is neighborhood is in?

Here is a good map to give an idea of real world danger if you live in San Diego County. [This map combines liquefaction areas with known fault zones.](#)

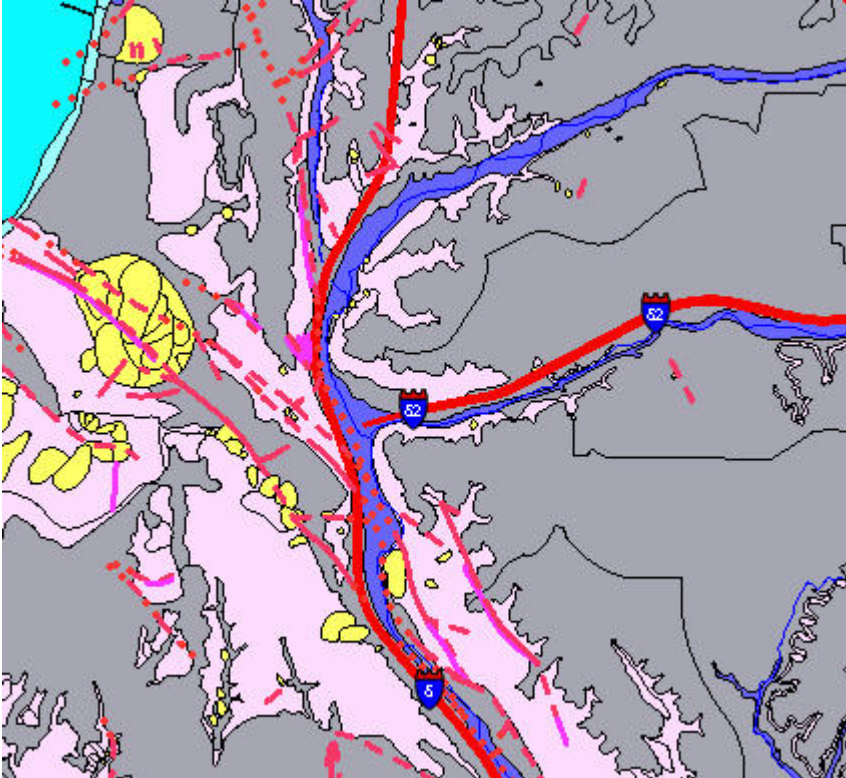
http://www.sdcounty.ca.gov/oes/docs/DRAFT_COSD_Liquefaction1.pdf



If you live near Murrieta or Temecula, take a look at this [Temecula Liquefaction Zone Map](#)http://www.nctimes.com/news/local/article_cba6f6ab-27db-59a1-8f98-de7f85406d9d.html

Another great online resource to check out your specific neighborhood is this [SANGIS interactive map](http://files.sangis.org/interactive/viewer/Viewer.asp) to find fault lines, landslide and liquefaction zones in your San Diego community <http://files.sangis.org/interactive/viewer/Viewer.asp>

It's a little complicated to find the dangers in your San Diego neighborhood. Start by clicking on the "custom map" button. On the right side scroll down and then click on *Faults*. Next click on *Geologic Hazards*. That will activate those map layers. Then hit *Refresh* at bottom of page on the right side.



SANGIS Interactive Map showing fault zones, landslide and liquefaction zones around La Jolla, CA. Red identifies known Faults, Pink are Fault zones, Yellow are Landslide zones and Purple is Liquefaction zones.

Now is the fun part. Finding your neighborhood. Using the *PAN* and *ZOOM IN* controls, navigate around the map and zoom in to find your neighborhood and its geologic hazards for fault zones, liquefaction and landslides. You can zoom in to your specific block to get an idea of the earthquake related threats around your home or business.

If you are clear of all those, you probably don't need Earthquake Insurance as much as someone whose home is in a liquefaction zone adjacent to an earthquake fault.

If you want more info about earthquakes, check out the US Geological Service. A good place to begin is at <http://earthquake.usgs.gov/earthquakes/>.

You can create custom earthquake hazard maps at [the US Geological Survey's Earthquake Hazards Program web site](http://earthquake.usgs.gov). <http://earthquake.usgs.gov>. This site includes almost anything you would ever want to know about earthquakes and who is most at danger.

Part 2 - What do San Diego County residents have to know about Earthquake Insurance Policies, Risks and Costs?

Quality Claims Management views Earthquake coverage as catastrophic insurance. You will only need it if we have a really big earthquake. However, depending on where you live in San Diego and how much you have invested in your home, you may opt to get coverage. Here is what you need to know.

First, most standard homeowners, mobile home owners, condominium, and renter's insurance policies DO NOT cover earthquake damage. Similar to flood insurance, earthquake insurance usually must be purchased separately.

However, fire insurance is part of most typical homeowners insurance policies. This means your home insurance policy may cover a significant part of the damage if your home burns down or is damaged in a fire that is caused by an earthquake.

Much of the damage that often arises from an earthquake happens after the ground stops shaking. Gas lines that may have ruptured and start leaking can catch on fire and burn your home to the ground. In San Diego County, it is also very possible that your home may be consumed in a wildfire sparked caused by earthquake motion many miles away. A power line may have collapsed. A home may have caught fire because of the quake and flames traveled many miles through brush to your home.

Another major factor is water damage. Quakes often break pipes. Even small quakes can crack a water or sewer pipe that floods your home and can cause extensive damage to your floors, rugs, furniture - even to the structure of your home.

If your homeowner's insurance includes fire and flood damage, you should be covered for this "earthquake" damage - even if you don't have earthquake insurance.

Another danger from earthquakes is landslides. You may or may not be covered for this. You need to check your homeowner insurance policy to make sure of your coverage for both landslide and fires. If your home does burn down, are you fully covered? Will you be able to replace your home and all of your belongings?

Check our other articles about homeowners insurance for details about coverages and what you need to know.

Where do you get Earthquake Insurance?

The law requires insurers that sell residential property insurance within the state of California to offer earthquake coverage to their policyholders. Most of these California earthquake insurance policies are backed and administered by a government organization known as CEA - the California Earthquake Authority.
<http://www.earthquakeauthority.com>.

Even though most earthquake insurance policies are sold by the state-run insurance pool, a few private companies also sell earthquake coverage. In order to provide earthquake coverage, insurance companies can become a CEA participating insurance company and offer the CEA's residential earthquake policies or they can manage the risk themselves. To date, companies that sell over two-thirds of the residential property insurance in the state have opted to become CEA participating companies.

According to the CEA website, the CEA homeowners policy is designed to help get you back into your home after an earthquake. The CEA base-limits policy for homeowners includes:

Dwelling coverage - The coverage limit is the insured value of your home stated on your companion homeowner policy.

* Personal Property coverage - \$5,000

* Additional Living Expense/Loss of Use coverage - \$1,500

* You may select either a 10% or 15% deductible on your Dwelling coverage, and CEA's increased-limit options allow you to increase Personal Property coverage to as much as \$100,000 and Additional Living Expense/Loss of Use coverage to as much as \$15,000.

Residential property insurance includes coverage for homeowners, condominium owners, mobile home owners, and renters.

Earthquake insurance is not intended for smaller losses as you must have enough damage to surpass your deductible. Even though deductibles are generally 10-15% of the amount of the Coverage A limits, it can be a little confusing to calculate the actual deductible amount since there are several factors that go into the formula.

How will your home handle an earthquake - Do you need Earthquake Insurance

- Where in San Diego County do you live (see part 1)
- What is under your house (rock, sand, fill, etc?)
- How is your home constructed - is it up to code and why that matters for your coverage

Age and type of construction contribute to how a residential structure reacts during an earthquake. Based on the scientific and engineering research, the CEA premiums reflect the following rating factors:

- In general, houses built on a slab perform better than those built on a raised foundation.
- One-story houses are less vulnerable to earthquake shaking than multi-story houses.
- Unreinforced masonry structures are more susceptible to damage than those of wood-frame construction.
- Houses of a certain age are not as strongly constructed as others.

The type of home you have affects your risk. One-story homes that are "tied together" -- with the roof bolted to the walls, and the walls to the foundation -- tend to survive

earthquakes and windstorms better than multistory homes that aren't. As you would expect, houses with big openings, such as plate-glass windows or large garage doors, fare worse than ones without those features.

In addition, your home can be substantially fortified with some special construction measures. For many, this can be a better investment than buying earthquake insurance. The Institute for Business and Home Safety has a [Fortified For Safer Living](#)" program that specifies building techniques that can help homes better withstand disaster.

Other California Earthquake Insurance Factors

No Known Loss Letter Requirement

In areas that have been previously affected by an earthquake or other catastrophic event, an insurer may require a "No Known Loss Letter" with all requests for earthquake insurance or to add earthquake coverage to an existing policy. This kind of letter confirms that no known losses or damages have already occurred to the requested coverage location(s).

DIC Policy

DIC (Difference in Conditions) insurance provides coverage designed to close specific gaps in standard insurance policies. It allows coverage to be customized to extend to such exposures as water damage, flood, collapse, earthquake, landslide, etc., according to the insured's needs. DIC coverage may be provided by means of a separate insurance policy or it may be added by endorsement to the basic policy.

Is Earthquake Insurance Right For You? How Much Equity Do You Have In Your Home?

As mentioned earlier, we view Earthquake coverage as catastrophic insurance. You will only need it if we have a really big earthquake. The more equity you have in your home, the more you need insurance.

According to UnitedPolicyHolders, a non-profit organization that fights for the rights of insurance consumers and educates individuals and businesses on how to get fair treatment, "a generally accepted rule of thumb is that you should not risk more than 10 percent of your liquid assets. A large earthquake could mean 10 to 100 percent of your home's structure could be damaged or destroyed, up to 20 percent of your belongings could be damaged, and/or you may need to come up with \$3,000 a month for temporary rent and relocation costs."

In San Diego, we get lots of smaller quakes on a regular basis. These are reminders to YOU to review your current coverages to be sure that you are adequately insured. Is your current homeowner's insurance up to date? Will it pay to rebuild your home to current building codes? Do you have additional coverage and riders for all the new stuff you may have acquired since you first bought your insurance policy?

Remember, it is far more likely you will have pipes break or fires start from the smaller earthquakes. If either of these happen, you should have coverage under your regular homeowners policy. Check to make sure it is up to date and that you have enough coverage. As a result of the 2003 and 2007 wildfires, we have found that most homeowners in San Diego are underinsured.

By the way, businesses should review their policies to be sure they have EQSL – or Sprinkler Loss coverage. There is a greater chance you will suffer damage from sprinklers leaking than from a building falling down.

RESOURCES

The California Earthquake Authority is a publicly managed, largely privately funded organization that provides catastrophic residential earthquake insurance and encourages Californians to reduce their risk of earthquake loss. <http://www.earthquakeauthority.com>

Only a CEA participating insurance company or its agent can give you an exact CEA-premium quote, but to get a good estimate of the cost, use their handy premium calculator.

UnitedPolicyHolders.org - *United Policyholders* is a non-profit that fights for the rights of insurance consumers and educates individuals and businesses on how to get fair treatment.

Quality Claims Management online article with maps to find out if your home is in a danger zone - check for landslide, liquefaction and earthquake fault zones.

Part 3 - What should you do after a quake - from an insurance perspective

Five Things to Do

1. Make sure your family and pets are safe. Find a place to live. Most insurance policies provide reimbursement for hotels and rental homes. You do not have to rough it. You are entitled to stay in a location with similar quality as your covered home. In order to ensure that you are fully compensated for your "additional living expenses" and "loss of use", you will need to keep all receipts for meals, lodging, and purchases to replace damaged items from the time you left your home after the quake until it is fully repaired and you are able to move back in.

If you have a policy issued through the California Earthquake Agency, the Additional Living Expense coverage will probably not cover your living expenses during the repair process. You may want to contact [FEMA](#) for additional assistance.

2. Notify your insurance agent and/or insurance carrier that you have sustained damage to your home. **If it is only minor, you may want to think and reconsider as your deductible may cover the damage that was caused.** If you have suffered damage you believe is covered by your earthquake, business and/or homeowner's insurance policy, you need to inform them that you plan on filing a claim. Coverage for some earthquake related losses might be available under certain sections of your homeowners or business policy."

3. If you don't like what your insurance adjuster is saying or if they tell you that the damage does not exceed your policies' deductible, you should get an independent opinion. It may be time for you to call in a Public Insurance Adjuster, licensed structural engineer or a contractor who has had experience rebuilding earthquake and fire damaged homes.

"The adjuster sent by your insurance company to inspect your home after a quake may not know how to look for and identify earthquake damage," warns UnitedPolicyHolders.org, a non-profit organization that fights for the rights of insurance consumers and educates individuals and businesses on how to get fair treatment. "Do not blindly trust your adjuster, especially if he or she tells you no benefits are owed because the damage did not exceed your deductible. Some companies reward adjusters for paying out as little as possible on claims. Your home is simply too valuable for you to rely on one person's opinion, especially if that person is not a licensed structural engineer or an experienced contractor."

4. You should do this BEFORE you have a disaster but most people don't look carefully until after something bad happens. You need to take a close look at the "declarations" page.

That is the page that states your name, address, policy number, categories of coverage, dollar limits, endorsements, lender, etc.). Check the date to ensure that you are working from the most current, up-to-date copy because that will state exactly what your coverages are. The "Endorsements" (extras) will be listed and review the ones that apply to your policy. Every endorsement has a code number that matches text in the policy. (See Declarations Guide below)

Amy Bach of UnitedPolicyHolders, warns, "If you are confused, **do not rely solely** on your insurance company or THEIR adjuster for answers. Consult with professionals who specialize in advising or representing **insurance consumers.**"

5. Do not sign anything unless you are sure that you are being adequately compensated for your losses. Don't provide a sworn statement or final "Proof of Loss" document to your insurer until you are positive that you understand your rights, your insurance policy coverage and endorsements, and the FULL extent of your claim and what it will take to make you whole again.

Don't sign anything without proper legal advice first. Be especially aware of "releases or waivers of any kind. Carefully read all documents carefully, including **both sides of all checks**, to make sure they don't contain "final" or "release" language.

Insurers have the right to take your recorded or sworn statement regarding your claim, and you must cooperate, provided their request is reasonable. However, giving such a statement without legal representation, or prematurely signing a final proof of loss may hurt your ability to fully recover the policy benefits you need to repair your home properly.

Insurance company adjusters often try to rush you into a fast settlement to save money and close your file. He or she may also claim that your home damage pre-existed the quake. Don't be pressured. Take your time and get professional help if you need it.

Documenting a major loss to ensure a full, fair recovery requires work and lots of research. Before you can really know the true amount of your insurance claim, you must get estimates from reputable contractors, and be able to inventory all your lost or damaged possessions. This takes time. If your home is showing severe cracks, you may have foundation damage. A licensed structural engineer should fully inspect and tell you the scope of necessary repairs. Discuss repair options with a reputable contractor before settling your claim.

UnitedPolicyHolders Guide to What to Look for on the Declarations Page:

1. Your policy has categories of coverage and dollar limits for each one. The main categories are "Dwelling", "Contents", "Loss of Use," (sometimes called "Additional Living Expenses"), and "Other (or 'Appurtenant') Structures" etc.
2. The dollar limits stated on your Declarations page may be lower than your true limits. Annual inflation factors, "endorsements", and other additions contained in the policy increase your limits. Typical additions are 5% of your dwelling limit for debris removal and landscaping. Typical endorsements are Extended Replacement Cost coverage and Building Code/Ordinance coverage. Do the math to re-calculate your limits in all applicable categories.
3. The policy language may not provide the coverage you requested at the time you purchased it, and you may find you are under insured. In this situation, you may need professional help from a policyholder attorney or the Department of Insurance to determine whether an agent/broker or the carrier is legally responsible to solve this problem.

There are laws and regulations that protect you as an insurance consumer.

Those laws are set forth in the California Insurance Code at section 790.03(h), the California Code of Regulations at Title 10, Chapter 5, and judicial decisions.

Take Your Time - Don't Be Rushed

Even though you are in a hurry to get everything settled and to get your family back into your home, you need to take your time and do it right. Once you sign the final documents, you will have no recourse. Most people who sign quickly lose out on money that they could have got if they had waited. If you hurry, you will not be able to adequately remember all the possessions that you had purchased and are now destroyed. This is especially true of the little things- special tools and implements, the gifts, decorations and special items that only get used several times a year - on holidays or vacations. A rushed settlement only benefits the insurance company and its agents - not you.