

# Earthquake Insurance

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## **Before You Buy Earthquake Insurance...**

Earthquake insurance covers some of the losses and damage that earthquakes can cause to your home, belongings, and other buildings on your property.

If you have a mortgage, you must have homeowners insurance. But you do not have to buy earthquake insurance. Your homeowners insurance does not cover earthquake damage (except fire).

## **I have homeowners insurance. How can I get earthquake insurance?**

If you have homeowners insurance in California, your company must offer to sell you earthquake insurance. It must offer this every other year.

- The offer must be in writing. It must tell you the amounts it covers (the limits), the deductible, and the estimated premium.
- You have 30 days to accept the offer. The 30-day period starts on the date the company mails the offer to you. If you do not reply, you are rejecting the offer.

## **Does earthquake insurance cover all damage from earthquakes?**

No. There are limits on what earthquake insurance pays. For homeowners, the purpose of earthquake insurance is to help put a roof back over your head. It does not replace everything you lost.

## **What if I rent?**

You can buy earthquake insurance to cover damage to your belongings and to pay for living somewhere else while your rented home is being repaired.

## **What if I have a condo?**

You can buy earthquake insurance to cover damage to the interior of your home and your belongings. It can also pay for living somewhere else while your condo is being repaired. Your condo association may also require you to pay for separate insurance to cover damage to the outside of your condominium building and common areas or it may issue an assessment to repair your building after damage has occurred. Talk to your condo association.

## **What if I have a mobile home?**

You can buy earthquake insurance to cover damage to your home and belongings. It can also pay for living somewhere

else while your mobile home is being repaired.

## **The California Earthquake Authority (CEA)**

The California Earthquake Authority (CEA) provides most earthquake insurance in California. CEA offers earthquake policies, for homeowners, mobile home owners, condo unit owners and renters. You cannot buy earthquake insurance directly from CEA. It is sold by insurance companies that are members of CEA (also known as Participating Insurers).

You must have a residential property insurance policy from a CEA Participating Insurer in place in order to get a CEA earthquake policy. You must purchase a CEA policy from the same insurance company that you have your residential policy with.

Visit the CEA website at [www.earthquakeauthority.com](http://www.earthquakeauthority.com) for more information.

## **Basic Earthquake Insurance**

This page explains the (3) main parts of the basic earthquake coverage offered by the California Earthquake Authority (CEA).

### **Part 1: Your dwelling coverage.**

This is sometimes referred to as Coverage A and covers your home up to a certain amount, called the limit.

- The limit on your earthquake insurance is the same as the limit on your homeowners insurance (dwelling coverage).
- CEA offers deductibles of 5%, 10%, 15%, 20%, and 25%, with two exceptions:
  - If a home is valued at over \$1 million dollars; and/or
  - If the home was built before 1980 on a raised or other\* (non-slab) type foundation and is not verified to have been seismically retrofitted.
  - In both these cases, the lowest available deductible will be 15% (State law only requires that insurers offer a 15% deductible).
- As with most earthquake policies, CEA insurance does not cover landscaping, pools, fences, masonry, or separate buildings.
- If you rent from someone else or own a condo, you do not need this coverage.

\* An "other" type foundation is any foundation that is not entirely slab foundation or entirely raised foundation, or has more than one foundation type.





### **Part 2: Your personal property coverage.**

This is sometimes referred to as Coverage C and covers things in your home, like furniture, TVs, and computers.

- Currently, the limit starts at \$5,000 and you can increase the limit to \$25,000.

### **Part 3: Additional living expenses (ALE) or loss of use.**

This is sometimes referred to as Coverage D and covers temporary and extra costs to live somewhere else while your area is evacuated or your home is repaired.

- It can cover temporary rental of a home, apartment, or hotel room; restaurant meals; a temporary telephone line; moving and storage; furniture rental; and laundry.
- It is bound to a reasonable time needed to repair the home, or for you to move to another permanent home.
- The limit range from \$1,500 to \$100,000.
- This coverage never has a deductible under CEA.

### **Homeowners Choice Policies**

The CEA Homeowners Choice policy offers the option of choosing separate coverage for dwellings and personal property, with different deductibles. Even though you can select separate deductibles for dwelling and personal property, the Homeowners Choice policy will not apply both deductibles for the same earthquake claim. This means that CEA waives the personal property deductible if covered damage to your house exceeds the dwelling deductible.

### **Additional Coverage**

A \$10,000 building code upgrade coverage is included with every CEA homeowner policy—and there are higher coverage limits up to \$30,000 available.

- The coverage pays only for the building code upgrades you need to get a reconstruction permit.
- CEA homeowners policies also include the first \$1,500 for emergency repairs with no deductible.

### **Loss Assessment Coverage for Condo Unit Owners**

If you are a condo unit owner, your HOA may have property insurance for common areas and the exterior structure of the building; however, it may not have earthquake coverage. CEA Loss Assessment coverage helps pay up to \$100,000 of your share of certain additional assessments levied by your HOA on its members for earthquake-damage repairs or to pay a master-earthquake policy deductible if the HOA has earthquake coverage.

### **Stand-alone or Monoline Policies**

These are not CEA policies. A few companies offer these policies. They are policies that you can buy without buying homeowners insurance from the same company. Your homeowners insurer may offer you earthquake coverage from one of these earthquake insurers.

### **How do earthquake insurance premiums vary?**

Your premium depends on many things, such as the location of your home, the cost to rebuild, type of construction, the coverages selected and the deductible. The cost is usually higher for:

- Older homes.
- Homes built of brick or masonry.
- Homes that have more than one story.
- Homes that are on sandy soil instead of clay or rock.
- Homes that are not up to code.

With CEA insurance, older homes may qualify for a discount of up to 20 percent if they have been properly retrofitted.

### **What Earthquake Insurance Does Not Cover**

All insurance policies have exclusions. These are the things the policy does not cover. Read your policy to learn about your exclusions.

### **Common Earthquake Insurance Exclusions**

Common exclusions in earthquake insurance policies include:

#### **Fire**

Earthquake insurance usually does not cover anything that your homeowners policy already covers. For example, your homeowners policy covers fire damage, even if an earthquake causes the fire. Therefore, your earthquake policy does not cover fire damage.

#### **Land**

Usually, earthquake insurance does not cover damage to your land, such as sinkholes from erosion or other hidden openings under your land. You may be able to buy limited additional coverage to restore or stabilize the land.

#### **Vehicles**

Earthquake insurance does not cover damage to your vehicles. Check your auto insurance policy to find out if it covers that damage.



## **Flood**

Earthquake insurance does not cover water damage from outside your home, such as damage from a sewer or drain backup, flood, or tsunami. For example, if you live near a levee that breaks during an earthquake and water from the broken levee floods your home, earthquake insurance will not pay to repair the damage. A flood insurance policy will cover you.

## **Does my homeowners or renters insurance cover any earthquake damage?**

In general, your homeowners or renters insurance does not protect your house from the damage an earthquake causes, even if the damage is indirect.

- The main exception is fire. See below.
- In some cases your homeowners or renters insurance may specifically cover direct loss due to explosion, theft, or breaking glass caused by an earthquake, even if you do not have earthquake insurance. Ask your insurance agent.
- Read your homeowners policy and contact your insurance company whenever an earthquake damages your property. Do not assume that the damage is not covered.

## **Homeowners Insurance Covers Fire Damage**

California law says that both homeowners and renters insurance must cover fire damage that is caused by or follows an earthquake.

This means that the fire damage is covered, whether or not you have earthquake insurance.

## **Earthquake Retrofitting**

Retrofitting is making changes to your home to increase its safety and its resilience to earthquakes. This can help you save money on insurance and repairs. For example, retrofitting a home on a raised foundation to brace its cripple wall and bolt it to the foundation may prevent it from sliding off its foundation in an earthquake.

## **What if my home is not up to code?**

Your insurance company must offer you earthquake insurance even if your property does not meet the current Building Code and Health and Safety Code rules about bolting foundations and anchoring water heaters. But you may be charged a higher premium and/or deductible.

## **You may get a discount if you retrofit.**

You may be able to reduce your premium or deductible by retrofitting to make your home safer and more resilient to earthquakes. Your insurance company must tell you in writing about these discounts. Retrofitting can:

- Reduce earthquake damage.
- Reduce insurance costs.
- Bring your home up to code.

## **How can I retrofit?**

To learn more about retrofitting, go to <https://www.californiaresidentialmitigationprogram.com/Strengthen-Your-House>

Here are a few ways to retrofit:

- Brace the cripple wall and bolt your house to the foundation.
- Install plywood sheathing or steel panels on each side of a garage door in a multi-story house with living space over the garage.
- Brace the chimney.
- Brace the water heater to a wall.
- Put in automatic gas shut-off valves.

## **CRMP Mitigation Grants**

You may qualify for a grant from the California Residential Mitigation Program to help you cover the costs of your seismic retrofit. See <https://www.californiaresidentialmitigationprogram.com/How-to-Pay-for-a-Seismic-Retrofit>.

## **How to File a Claim for Earthquake Damage**

If you notice damage or just suspect it, report it to your insurance company as soon as possible:

1. You can report claims by telephone.
2. Your insurance company must open a claim when it gets your report of a claim.
3. If your insurance company refuses to open a claim, call the California Department of Insurance immediately.
4. Insist that the company assign a claim adjuster to your case. This person is trained to assess the damage to your property.
5. Set a time as soon as possible for the claim adjuster to come out and inspect the damage.
  - Show the claim adjuster all the damage you found.
  - Make sure they inspect the hidden areas of your property such as basements, crawl spaces, slabs, and raised foundations.
6. If you find more damage after the first inspection, report it



and ask the claims adjuster to make another inspection.

### **The inspection is important.**

It can be hard to know exactly how much earthquake damage you have. Some types of damage are hard to find at first. You and the claims inspector need to look long and carefully. Make sure that all the damage you can see is listed in your claim, as well as all the possible hidden damage.

### **Telephone Tips**

Take notes on every phone call to your insurance company. Write down:

- The name and title of the person you talked to.
- The date and time you called.
- What you talked about.
- What the person said would happen next.

### **Do not delay reporting your claim!**

An insurance company can deny claims that are not reported within one year. The year starts with a date called the inception of the loss. This is when you first:

- Noticed property damage, or
- Should have noticed it, if you had looked carefully for all possible earthquake damage to your home.

### **Your Claims Payment**

If your claim is larger than your deductible, the insurance company will subtract the deductible from their payment. You do not need to spend anything before you can get payment.

### **Contact California Department of Insurance (CDI).**

- Call CDI now if your insurance company refuses to open a claim. Call 1-800-927-4357.
- Download CDI's Residential Property Claims Guide at [www.insurance.ca.gov](http://www.insurance.ca.gov) or order it by phone.

### **Should I Buy Earthquake Insurance?**

The questions below can help you decide whether or not to buy earthquake insurance for you and your family.

### **Can I afford earthquake insurance?**

Use the Premium Calculator at [www.earthquakeauthority.com](http://www.earthquakeauthority.com) to estimate your premium.

### **Do I live where earthquakes are common?**

You may need to do some research about nearby fault lines and the type of soil in your area. Search for fault lines on the

U.S. Geological Survey website at [www.earthquake.USGS.gov](http://www.earthquake.USGS.gov).

### **Do I have a high-risk house?**

A house is likely to have more damage if it is older, or built of brick or masonry, or has more than one story.

### **Can I afford NOT to have earthquake insurance?**

After a big earthquake, could you afford to repair or rebuild your home? Can you afford to keep paying your mortgage and taxes while you rebuild?

### **Won't the government help me after a big earthquake?**

Maybe. The main form of federal disaster relief is the low-interest loan. You must show that you can repay the loan. Grants from the Federal Emergency Management Agency (FEMA) for emergency home repairs and temporary rent assistance are only for those who do not qualify for loans.

### **I can't afford earthquake insurance. Are there other ways I can protect my home?**

Yes. There are many things you can do to protect your home and reduce the damage caused by earthquakes. Whether you buy earthquake insurance or not, you should do what you can to protect your home, your belongings, and your family.

- Retrofit as much as you can.
- Secure breakable items with museum putty.
- Put latches on china cabinets.
- Bolt tall furniture, like bookcases and armoires, to the studs in the walls.
- Tie down computers and TVs.
- Look in your local hardware store for latches, putty, computer straps, and other devices to help you protect your belongings.
- For more tips on protecting your home, go to <https://www.californiareidentialmitigationprogram.com/Resources/Earthquake-Preparedness-in-California>

### **Do not wait until after the earthquake.**

Waiting until after an earthquake to buy insurance is not a good idea. It doesn't protect you from the damage you have already had.. And after an earthquake, the premiums may be higher.



## Common Terms

### Additional living expenses (ALE)

Your extra costs when you have to live somewhere else while your area is evacuated or your home is repaired.

### Agent

A person who is paid by an insurance company to sell their insurance. The CDI licenses agents.

### Broker

A person who is paid by you to find insurance. The CDI licenses brokers.

### Claim

Your request to your insurance company to cover specific loss or damage.

### Claim adjuster

A person who works at your insurance company and is trained to examine your home for damage and loss and to estimate costs.

### Deductible

The part of your insured damages that you pay, before your insurance pays anything.

### Dwelling limit

The most your insurance will pay (minus the deductible) to repair or rebuild your dwelling.

### Premium

The yearly cost of buying earthquake insurance.  
Retrofitting—Changing your home to make it stronger and safer in an earthquake.

## Resources

### California Earthquake Authority

[www.earthquakeauthority.com](http://www.earthquakeauthority.com)

- Learn more about earthquake insurance.
- Estimate your premium.



Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace and your best resource for honest and impartial answers to insurance questions. Knowledgeable insurance professionals are available through our consumer hotline. Call 1-800-927-HELP (4357) or visit [www.insurance.ca.gov](http://www.insurance.ca.gov) to view all of our consumer information guides and insurance resources. These tools are available to consumers free of charge.

- Print free earthquake preparedness handbooks.

### Earthquake Country

[www.earthquakecountry.org](http://www.earthquakecountry.org)

- Find information on retrofitting.
- Learn how to prevent injuries and make a disaster plan.
- Learn about risks from fault lines and soil types.

### National Flood Insurance Program

[www.floodsmart.gov](http://www.floodsmart.gov)

- Find information on buying flood insurance.

### Seismic Safety Commission

[www.seismic.ca.gov](http://www.seismic.ca.gov)

- Learn about earthquake safety in California.

### U.S. Geological Survey

<https://earthquake.USGS.gov>

- Search for fault lines.

### Filing a Complaint (Request for Assistance)

The California Department of Insurance is committed to protecting your rights. Many questions can be answered over the phone. If we are unable to resolve the issue over the phone, you can file a Request for Assistance form by mail or online on our website. The system will allow you to attach copies of all necessary documents, such as policies, canceled checks and correspondence. Some examples of the issues the Department may be able to help with include:

- Improper Denial of Claim
- Cancellation or non-renewal of a policy
- Delay in settlement
- Alleged misappropriation of premiums paid
- Alleged misrepresentation by an Agent/Broker or solicitor
- Unfair underwriting practices
- Dishonest or deceptive insurance sales tactics

### Contact Us

Consumer Assistance Hotline:

1-800-927-4357

TTY 1-800-482-4833

Visit us on the web at:

[www.insurance.ca.gov](http://www.insurance.ca.gov)

To order additional materials contact  
Community Relations & Outreach at:

[crob@insurance.ca.gov](mailto:crob@insurance.ca.gov)