



## For Immediate Release

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# United Policyholders Advises Homeowners to Re-consider Earthquake Insurance as 20<sup>th</sup> Anniversary of Loma Prieta Approaches

## *Consumer Group Supports Federal Legislation to Lower Cost of EQ Insurance*

SAN FRANCISCO, CA October 15, 2009 – The 20<sup>th</sup> anniversary of the Loma Prieta earthquake on October 17 is a grim reminder to all Californians that the next big quake could happen any time. If you own a home, San Francisco-based insurance consumer rights organization United Policyholders says now is the time to re-consider whether earthquake insurance is right for you. Only about 10 percent of insured homeowners in California currently have earthquake insurance.

But despite the recent slump in housing values, most homeowners in California have gained a tremendous amount of equity if they've been in their homes for a number of years. United Policyholders Executive Director Amy Bach reminded consumers today that opting to “go bare” – i.e., not be insured for quake damage -- is a decision that anyone with equity in their home should not make without getting a few quotes and doing the math.

“Most homeowners assume earthquake insurance is not worth buying, so they don't take the time to weigh their individual risk factors against actual cost estimates,” said Bach. “Don't assume you can't afford it or that it's not worth it until you've researched the likelihood and potential dollar amount of damage to your particular home. If you live in a quake-prone area and you can afford it, the best way to protect your home is to retrofit, buy earthquake insurance *and* set aside funds to pay for repairs below your deductible.”

The “Buying Tips - Earthquake” section at [www.uphelp.org](http://www.uphelp.org) offers tips, articles and links to help consumers make the right individual decision about EQ insurance. Among the factors to consider:

**What is your risk profile:** How close are you to a fault line? Do you have a slab or a post and pier foundation? Is the home wood frame construction? Is it a “soft story” home (living area built over a garage)? Are you on bedrock or fill? How much equity do you have in your home? Could you afford to pay out of pocket if repairs exceeded \$70,000? What would you do if you couldn't? Can you afford a policy with a 10 percent instead of a 15 percent deductible and if so – how much would the damage have to be before coverage would kick in?

UP tips include: Enter your address at [www.abag.ca.gov](http://www.abag.ca.gov) to learn about the soil conditions and quake forecasts where you live. Read at least one of the articles by financial experts at

[www.uphelp.org](http://www.uphelp.org) on equity considerations. Get at least two quotes for earthquake insurance, preferably with a 10% deductible.

**At what level of loss would the repair/rebuild of your home be an unacceptable financial burden?** Most insurance policies have a 10 or 15 percent deductible. The price and high deductibles for EQ policies have led many people to avoid buying the product, but remember: if you live in a quake-prone region, going "bare" with no insurance means you have a 100 percent deductible...you'll bear the entire risk yourself.

**Do the math...Can you afford not to have earthquake insurance?** 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
- \$3,000 a month for temporary rent and relocation costs

United Policyholders recognizes earthquake insurance is too expensive for many homeowners and is working to help bring down the cost. United Policyholders is supporting Senate bill 866, federal legislation sponsored by California Senator Dianne Feinstein that would reduce the cost of the EQ insurance sold by the California Earthquake Authority by about 40 percent and lower deductibles by 50 percent.

For more information to help you decide if earthquake insurance is right for you, visit [www.uphelp.org](http://www.uphelp.org) and read United Policyholders' buying tips to see what your options are, and what factors to take into consideration when shopping for the right earthquake policy.

### **About United Policyholders**

United Policyholders is a national not-for-profit organization dedicated to integrity in the insurance system and to educating the public on insurance issues and consumer rights. For a complete listing of services and to access UP's extensive library of buying and claim tips for consumers, please visit [www.uphelp.org](http://www.uphelp.org). UP is the publisher of the *Disaster Recovery Handbook and Household Inventory Guide*, known as the "Little Yellow Book" that has guided thousands of disaster victims on the road to recovery.