If you own a residential building and/or a rental property, it is most likely a very valuable and important asset and a source of income. If it is located near a fault line, your property is vulnerable to earthquake damage. Even if a lender has not required you to insure it, you should protect your property by buying the right kind and amount of insurance. Because most property insurance policies do not cover damage caused by an earthquake, now’s the time to:

Ask yourself the following questions to see if you need to buy earthquake insurance.

**What are your property’s risk factors?** How close is your property to a fault line? Does it have a slab or a post and pier foundation? Is the building wood frame construction? Is it a “soft story” home (living area built over a garage)? Is it on bedrock or fill? How much equity do you have in the building? Enter the address at www.abag.ca.gov to learn about local soil conditions and quake forecasts. Read at least one of the articles by financial experts at www.uphelp.org on equity considerations.

**Could you pay out of pocket for repairs if your building gets seriously damaged or even destroyed?** For most people, the answer is NO. If you are like most people, it would be wise to consider earthquake insurance.

**Would you qualify for a low interest loan or other type of financing to pay for repairs/replacement of your property?** In today’s marketplace, financing can be expensive and hard to come by.

**Can you afford a policy with a 10% instead of a 15% deductible and if so – how much would the damage have to be before coverage would kick in?** The price and high deductibles for EQ policies have led many people to avoid buying the product, but remember: if your property is located in a quake-prone region, going “bare” with no insurance means you have a 100 percent deductible…you’ll bear the entire risk yourself. Get at least two quotes for earthquake insurance, preferably with a 10 percent deductible.

**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:

- Your building’s structure could be damaged or destroyed
- You could lose rental income, if your tenants have to move out, while you repair your building
- If you live in your building, you may have to move out of your building and your belongings may have been damaged or destroyed

To make an educated decision about insuring your income property against earthquake damage, you’ll need to get a few quotes from competing insurers. Use UP’s Earthquake Insurance Comparison Worksheet and call around or use the internet to get “apples to apples” premium quotes from competing insurance companies.
The basic coverage categories are: **Dwelling, Contents, Garages, Fences, Pools, Outbuildings, Building Code Compliance, Temporary/Additional Living Expenses.**

Your options are very limited so it’s much easier than shopping for auto or homeowners coverage. There are only a few companies selling earthquake insurance these days, and some are very selective about who and what they will insure. Your buying options vary according to:

- Where your property is located
- The age of your property
- The style of construction
- The company that is currently insuring the property for fire, etc.

### The following are the primary options for California property owners:

**The California Earthquake Authority:** [www.earthquakeauthority.com](http://www.earthquakeauthority.com) (877) 797-4300.

The CEA is a part-public, part-private company. Insurance companies like State Farm, Allstate, Farmers and CSAA that no longer sell their own EQ policies to CA customers are required by law to participate in the CEA. The CEA is managed by a professional staff, but the participating private insurance companies are involved in issuing the policies, collecting premiums and servicing claims.

The CEA is now the only option for many California property owners who want to buy quake coverage. It is working hard to lower its rates, improve its products and give consumers more options while strengthening its claims-paying capacity and finance structure. We recommend getting a quote for a CEA policy before you make your decision.

**Arrowhead:** [www.arrowheadgrp.com](http://www.arrowheadgrp.com) (877) 233.9722. Sells “stand-alone” EQ coverage not tied to your property insurance to select customers who meet their guidelines.

**GeoVera Insurance:** [www.geovera.com](http://www.geovera.com) (800) 324-6020. Sells “stand-alone” EQ insurance. This company is owned by Pacific-Select. They do not have an age requirement for buildings.

If the company that insures your home now is not a CEA participating company, (Fireman’s Fund, Safeco, Chubb e.g.) they must by law offer to sell you EQ coverage — in most cases, a “mini-policy” with very basic, minimal limits.