

CONSUMER ALERT



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Earthquake Coverage Requires a Separate Policy or Endorsement *Damage to homes is not covered on most homeowners policies*

Earthquake coverage is not included on most homeowners, renters or condominium insurance policies. Your home is insured for earthquake damage only if you've added an endorsement to your policy or bought a separate earthquake policy.

What is covered?

Earthquake coverage pays for damage caused by the shaking and cracking that can damage homes. This type of insurance requires that the earthquake be the direct cause of damage to the property. Other damage indirectly caused by earthquakes may be covered by other insurance. Fire and water damage resulting from burst gas and water pipes—even though the damage may be a result of the earthquake—is generally covered by the standard portion of the homeowners policy. Earthquake damage to vehicles is covered by the comprehensive portion of auto policies.

Do I need earthquake coverage?

Managing the costs of recovering from an earthquake can be burdensome. Ask yourself the following questions and discuss your concerns with an insurance agent to help you decide if coverage is necessary.

- Without insurance, how would you pay to repair or rebuild your home?
- How would you pay the costs to live elsewhere while your home is being repaired or rebuilt?
- How much would you owe a lender, who will expect you to repay the mortgage or home equity loan, even if your home is destroyed?
- How much would you lose if your home were damaged or destroyed by an earthquake and you couldn't afford to repair it?

Earthquake insurance can help with all of these costs.

How much does it cost?

Earthquake insurance usually features two high deductibles. Rather than a dollar amount, it's a percentage of the cost of rebuilding the home and a separate deductible for the home's contents. The material used to build the home can also determine premiums or whether your home is even insurable. For instance, rates may be cheaper for wood-frame homes, which withstand tremors better than homes made of masonry such as brick and stone. Some insurers will not offer earthquake insurance for masonry homes. Single-story homes may also receive better rates as they tend to sustain less damage from an earthquake. The age of the home can also affect premiums.

Additional Information

The National Association of Insurance Commissioners has published a consumer brochure, "A Consumer's Guide to Earthquake Insurance", that can provide you with additional information. A copy can be found at www.naic.org/documents/prod_serv_consumer_guide_earthquake.pdf. The Department of Insurance urges Nebraskans to contact their insurance agents to discuss what coverages are right for them.