



# Earthquake Insurance

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## Overview

Californians shopping for earthquake insurance are faced with high rates for limited coverage. In December 1996, the California Earthquake Authority (CEA) took over 70% of California's earthquake insurance market. CEA policies offer a 10% or 15% deductible<sup>1</sup>, cover from \$5,000 to \$100,000 of a home's contents and provide \$1,500 to \$25,000 maximum living expenses in the event a house becomes uninhabitable. Premiums range from \$180 to \$1,580 per year for \$200,000 of coverage. A house's yearly premium depends on its age, construction and location.

## INSURANCE PROVIDERS

A few companies still sell more comprehensive policies through brokers. For example, GeoVera offers policies with a 10% deductible and a maximum combined limit on coverage up to \$1,000,000. The coverage applies to 100% of the dwelling, other structures, contents, additional living expenses or loss of use up to one year. Specific limits of liability exist on over sixteen categories of real and personal property ranging from swimming pools to musical instruments. GeoVera's policy also provides additional funds to cover debris removal, building code upgrade, demolition and engineering costs. GeoVera's premiums average \$450 per \$200,000 of coverage.

The market is changing rapidly. We suggest homeowners check with a number of resources before choosing a carrier. Whichever policy homeowners choose, they should not rely on their earthquake insurance to cover personal property losses.

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<sup>1</sup> Deductibles are not uniformly calculated. When comparing deductibles, calculate actual dollar amount homeowner must pay.

COMPARISON OF PROVISIONS FOR HOMEOWNERS EARTHQUAKE POLICIES

	CEA	GeoVera
Maximum Total Coverage	no limit	\$1,000,000
Deductible	10% to 15%	10% Standard Policy 15% Comprehensive Policy
Contents Coverage	\$5,000 to \$100,000	included in total coverage
Living Expenses	\$1,500 to \$25,000	included in total coverage
Premium Range	N/A	N/A
Average Premium per \$200,000 of Coverage	\$180 - \$1,580	\$450

The California Earthquake Authority can be contacted at:

801 K. Street  
Suite 1000  
Sacramento, CA 95814  
Phone: (916) 325-3800  
Fax: (916) 327-8270

The following insurance providers have recently written earthquake policies for Stanford employees.

- Allied Brokers  
630 Cowper Street  
Palo Alto, CA 94301  
Phone: (650) 328-1000  
Fax: (650) 324-1142

Broker: Chris Grammer or Steve Fox
  
- HUB International Insurance Services  
P.O. Box 39  
Mountain View, CA 94042  
Phone: (650) 237-3040  
Fax: (650) 560-6390

Broker: Valerie Buteaux
  
- GeoVera  
P.O. Box 2409  
Fairfield, CA 94533-0240  
Phone: 1-800-324-6020  
Fax: (707) 863-9350