

Earthquake coverage not included in business insurance policies

Am I covered if an earthquake damages my business?

Unless you've purchased earthquake coverage, you are not covered by a standard commercial property policy. So, structural damage to your business and any loss of furnishings and business possessions would not be covered.

The business policy has a specific exclusion where damage or loss by earthquake, which is defined to include "tremors and aftershocks and any earth sinking, rising or shifting related to such event."

How does earthquake insurance work?

You can purchase an endorsement to a business policy or as a separate policy to cover your losses from earthquakes and aftershocks. Since different building materials react differently to earth motion (brick versus wood, for example), prices vary by the type and location of the building.

Earthquake insurance deductibles are considerably higher than standard deductibles. Usually they are calculated by a percentage of the building value, generally from 5 percent to 10 percent of commercial risks.

Can I buy earthquake insurance for my home?

The only way to buy the coverage for a business is by purchasing a policy for a business. An earthquake occurrence may be damaging to your home, but it may not be damaging to your business. Aftershocks may occur that you are not aware of.

With earthquake coverage, does it cover aftershocks?

Yes, business earthquake endorsement may damage from the earthquake and from aftershocks that occur within 96 hours of the earthquake. It is considered one occurrence but while one deductible will apply, so will one limit.

Do I really need earthquake coverage in my area?

Some earthquakes occur frequently in the Northeast, with an average of 40-50 annually, with most doing little to no damage.

However, a couple of years ago, a Northeast earthquake registered a 5.9 on the Richter Scale, earthquake hazard maps (e.g., the National Seismic Hazard Map developed by the U.S. Geological Survey in 2008) generally show that in most parts of New England, there is about a 2 percent chance, that in any given 50-year period of time, earthquake vibrations that are potentially damaging will strike.



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