

FAQs About Earthquake Insurance

Question: I did not purchase earthquake insurance. Do I have any coverage at all for property damage that my building and business personal property sustained as a result of an earthquake?

Answer: While policy exclusion wordings vary, while you do not have coverage for structural damage to your building from the ground shaking, **you most likely have coverage for fire, explosion, or sprinkler leakage that resulted from the earthquake.** Please consult your policy wording and your Woodruff Sawyer account team.

Question: I have earthquake coverage in my policy, but the policy has a deductible in the amount of 5% of the total insured value, subject to a minimum of \$100,000. How is my deductible calculated?

Answer: In the above example, if the full replacement value of your building was \$10 million, the business personal property at the location was \$5 million, and your annual business interruption values were \$5 million, then the total insured value would be \$20 million. The applicable deductible would then be 5% of \$20 million or \$1 million.

Question: My policy has a sub-limit for earthquake of \$10,000,000 annual aggregate. What does the "annual aggregate" mean?

Answer: Earthquake coverage is usually provided on an annual aggregate basis. That means that even if there is more than one earthquake during the term of your policy, the total amount paid out over the course of the policy term cannot exceed \$10,000,000. For example, if you suffer an \$8 million earthquake loss two months into your policy term, then you will only have \$2 million of coverage available for the rest of the year.