

Insurance Division, 350 Winter St. NE, Room 200, Salem, Oregon 97301-3878

For immediate release:
Jan. 15, 2010

Cheryl Martinis, Insurance Division
503-947-7213
James Roddey, Department of Geology and
Mineral Industries
971-673-1543

Twenty percent of Oregonians insured for earthquakes

Salem, Oregon – As we offer our support and help to the victims of the Haiti earthquake, Oregonians may also be thinking about how to protect themselves in the event of an earthquake. Although Oregon is among the states at highest risk for a major earthquake, only about 20 percent of Oregonians have earthquake insurance, according to a Department of Consumer and Business Services (DCBS) survey.

Standard homeowner policies do not cover earthquakes but optional earthquake coverage is readily available and relatively inexpensive, the 2009 survey indicated.

“Consumers may want to think about their ability to rebuild if their house is destroyed in an earthquake,” said Cory Streisinger, director of the Department of Consumer and Business Services. “Insurance should be weighed as part of other earthquake preparations.”

Later this month, on Jan. 26, Oregon marks the 310th anniversary of the last, great Cascadia Subduction Zone earthquake. This magnitude 9.0 earthquake was centered about 75 miles offshore and damaged the coastline from Northern California to Southern British Columbia, according to the Oregon Department of Geology and Mineral Industries.

A 10,000-year geologic record shows these mega-quakes occur every 300 to 600 years, putting Oregon within the window of a major earthquake, said James Roddey, earth sciences information officer with that agency. Damaging earthquakes have also occurred within the past 16 years in different parts of the state, causing tens of millions of dollars worth of damage.

“Earthquake and tsunami preparedness should be a part of everybody’s emergency plan,” said Roddey. “We live in earthquake country. You need to be prepared.”

The DCBS Insurance Division last year surveyed 20 insurance companies that account for 80 percent of the homeowner insurance premium in the state. The findings:

- Homeowners generally can buy earthquake insurance as an endorsement (addition to their policy) or as a separate policy. The few companies that do not offer earthquake insurance in Oregon typically refer clients to a company that sells stand-alone earthquake policies.
- Earthquake coverage is relatively inexpensive - often less than \$300 a year for a \$300,000 wood-frame home. Masonry homes are more expensive to insure. And, if you live in an older home, you may need to bolt your home to the foundation or make other seismic upgrades before you can buy earthquake insurance.
- To keep premiums low and because it is designed to cover catastrophic loss, earthquake coverage generally features high deductibles. These typically amount to 10 percent or 15 percent of the amount

covered by insurance. A homeowner with a house insured for \$300,000 and a 10 percent deductible would pay \$30,000 before the policy would pay. Coverage for contents is separate.

Consumers who wait to buy insurance until after a tremor will be too late: Insurance companies typically suspend sales of earthquake insurance for a period of time after a seismic event.

“No one knows for sure when a major earthquake will strike but Oregon homeowners may want to at least talk to their insurance agent about this coverage,” said Teresa Miller, administrator of the Insurance Division.

Studies by the Federal Emergency Management Agency (FEMA) show the bulk of the nation’s annual losses from earthquakes are expected to occur in California, Oregon and Washington – with most of that loss in California.

Although quake-prone California collects more earthquake premiums than any other state, the insurance costs significantly more than in Oregon and only about 12 percent of Californians are covered for earthquakes. The state created the California Earthquake Authority to ensure homeowners could buy earthquake insurance after the 6.7-magnitude Northridge Earthquake of 1994, the costliest quake in U.S. history.

The majority of economic loss is along the West Coast but earthquake risk is nationwide. About 35 percent of Missouri residents, who are part of the New Madrid seismic zone in the central Mississippi Valley, are insured for earthquakes. The last major earthquake in that area, a magnitude 8, occurred in late 1811 and early 1812 and caused some sections of the Mississippi River to appear to run backwards and church bells to ring as far away as Boston.

For additional information

Earthquake insurance tips: http://insurance.oregon.gov/consumer/consumer-tips/4845-5_earthquakes.pdf

Oregon Department of Geology & Mineral Industries (DOGAMI):
<http://www.oregongeology.org/sub/earthquakes/earthquakehome.htm>

DOGAMI map of earthquakes in Oregon since 1841:
<http://www.oregongeology.org/sub/earthquakes/EqEpicentermap.htm>

Federal Emergency Management Agency:
<http://www.fema.gov/hazard/earthquake/index.shtm>

U.S. Geological Survey (historical earthquakes, interesting facts)
<http://earthquake.usgs.gov/learning/faq.php>

National Flood Insurance Program (NFIP)
www.floodsmart.gov

###

The Insurance Division, part of the Department of Consumer & Business Services, helps ensure the financial soundness of insurers, the fair treatment of consumers, and the affordability and availability of insurance products. For more information, visit www.insurance.oregon.gov.

The Department of Consumer and Business Services is Oregon’s largest business regulatory and consumer protection agency. For more information, visit www.dcbs.oregon.gov.