

## California Collectors Fear Earthquakes

As Gulf and Atlantic coast residents and insurers breathe a collective sigh of relief after the close of a quiet 2006 hurricane season, attention once again returns to potential earthquakes in California. The Northridge earthquake in 1994 caused a staggering \$40 billion in damage. The Loma Prieta earthquake caused \$8 billion in damages to the San Francisco Bay area in 1989.

California is home to many of the world's preeminent art collections, and residents and institutions should be prepared for what most believe is inevitable large earthquake in the next few years. Standard homeowner and commercial policies typically do not cover losses that result from earth movement, but it is possible to purchase earthquake coverage. California residents purchase more earthquake insurance than residents of any other U.S. state, as few insurers offered earthquake coverage to residents after Northridge.

The National Insurance Commissioner Mike Kreidler advises consumers to consider their own circumstances and needs when deciding if earthquake insurance is a necessity, but individuals or businesses with fragile, high-value items should give the topic additional thought. If you do decide that you need earthquake insurance, an insurer may consider a few things:

- The location and bracing of interior walls

- Strapping guards to secure fixtures such as water heaters, gas appliances and other fixtures

- The manner in which shelves are mounted on walls

Some insurers may require an inspection of your property before they will agree to issue a policy, and many companies require that your home be bolted to its foundation – a practice that wasn't required by building codes until the early 1960s. Many of these improvements are not expensive, and should be considered by all consumers, even those not considering earthquake coverage. Other precautions can be expensive and may require a contractor.

Consumers need to examine their individual situation before deciding whether to undertake construction improvements aimed at qualifying for earthquake insurance. Requirements and rates vary among insurers. And some insurers may be willing to waive construction changes if the consumer is willing to purchase coverage with a higher deductible. Contact your insurance company to find out if you are prepared.

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