

# Earthquake Preparedness Tips: Personal Insurance Coverage

Provided by Kentucky Division of Emergency Management

In the Commonwealth of Kentucky earthquakes, like floods, are not covered by a basic home owner's insurance policy. You need additional coverage for these types of losses.

On March 13, 1998 the Kentucky Department of Insurance issued Bulletin 98-2 to insurance companies selling homeowners insurance in Kentucky concerning the requirement to also offer earthquake insurance.

In part it says... "WHEREAS the possibility of significant property damage resulting from an earthquake in or near the New Madrid Seismic Zone (NMSZ) has caused an increased demand for earthquake insurance in the states surrounding the NMSZ, including Kentucky; and...

All insurers doing business in Kentucky and writing personal lines insurance covering homeowners, tenants, mobile homeowners and personal residential dwellings covered by a farm owners policy, shall have an endorsement for earthquake insurance available if requested...

Earthquake insurance shall be written on risks on which homeowners insurance is written, regardless of age or construction of the residential dwelling...

Deductibles for earthquake endorsements shall apply to the amount of insurance applicable to property damaged or destroyed as a result of the earthquake peril. Insurers shall not roll their existing book of business to a higher earthquake deductible. The deductibles referenced in this paragraph, below shall apply to new business, and shall be made available to existing customers upon renewal, at the insured's election. For purposes of writing deductibles, the Commonwealth shall be divided into three (3) regions, as follows:

The "Far West Region" shall consist of the counties of Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Marshall and McCracken. In the Far West Region, insurers shall not write deductibles exceeding twenty percent (20%);

The "Near West Region" shall consist of the counties of Butler, Caldwell, Crittenden, Daviess, Hancock, Henderson, Hopkins, Livingston, Lyon, McLean, Muhlenberg, Ohio, Trigg, Union and Webster. In the Near West Region, insurers shall not write deductibles exceeding fifteen percent (15%);

The "Eastern Region" shall consist of all of the remaining counties of the Commonwealth. In the Eastern Region, insurers shall not write deductibles exceeding ten percent (10%);

Earthquake endorsements shall be added to a policy only on inception or renewal, unless the insurer chooses to endorse the policy upon the insured's request"

Earthquake insurance deductibles are different from standard homeowners. They are based on a percentage of the coverage. That percentage is based on where you live. Homeowners can ask for a higher deductible with some companies offering a premium credit. Many companies offer a 5% or lower deductible for an additional premium. You will likely have multiple deductible options.

So what does this mean if we have an earthquake and your home is totally destroyed? Here are some examples based on the deductibles above:



Coverage Value Example	City	Deductible %	Amount of Coverage
\$100,000	Paducah	20%	\$80,000
\$100,000	Owensboro	15%	\$85,000
\$100,000	Harrodsburg	10%	\$90,000

