



Personal Insurance

Earthquake & Flood Insurance

Earthquake Insurance

Earthquake insurance is a form of property insurance that pays the policyholder in the event of an earthquake that causes damage to the property. Most ordinary homeowners insurance policies do not cover earthquake loss.

Most earthquake insurance policies feature a high deductible, which makes this type of insurance useful if the entire home is destroyed, but not useful if the home is merely damaged. Rates depend on location and the probability of an earthquake. Rates may be cheaper for homes made of wood, which withstand earthquakes better than homes made of brick.

As with flood insurance or insurance on damage from a hurricane or other large-scale disasters, insurance companies must be careful when assigning this type of insurance, because an earthquake strong enough to destroy one home will probably destroy dozens of homes in the same area. If one company has written insurance policies on a large number of homes in a particular city, then a devastating earthquake will quickly drain all the company's resources. Insurance companies devote much study and effort toward risk management to avoid such cases.

Flood Insurance

The NFIP provides coverage for up to \$250,000 for the structure of the home and \$100,000 for personal possessions. The NFIP policy provides replacement cost coverage for the structure of your home, but only actual cash value coverage for your possessions. Replacement cost coverage pays to rebuild your home as it was before the damage. Actual cash value is replacement cost coverage minus depreciation so that the older your possessions are, the less you will get if they are damaged. There may also be limits on coverage for furniture and other belongings stored in your basement.

Earthquake & Flood Insurance

Some homes in certain flood zones may require an elevation certificate. An elevation certificate is what tells FEMA how to price the policy, so when it is required, a flood quote of any kind cannot be obtained without the certificate. As the requirements for this are fluid and constantly changing, it is best to check each address individually. One home may not need an elevation certificate, while the neighbor down the street has the requirement. When the certificate is required, it must be obtained from a surveyor. This can take between 2-10 days and cost between \$800-2,500 —varying widely depending upon the property.

Flood insurance is available for renters as well as homeowners. You will need flood insurance if you live in a designated flood zone. But flooding can also occur in inland areas and away from major rivers. Consider buying a flood insurance policy if your house could be flooded by melting snow, an overflowing creek or pond or water running down a steep hill. Don't wait for a flood season warning on the evening news to buy a policy—there is a 30-day waiting period before the coverage takes effect.

Excess flood insurance is also available from some private insurers for those who need additional insurance protection over and above the basic policy or whose community does not participate in the NFIP. Depending on the amount of coverage purchased, an excess flood insurance policy will cover damage above the limits of the federal program on the same basis as the federal program—replacement cost for the structure and actual cash value for the contents.

Excess flood insurance is available in all parts of the country—in high risk flood zones along the coast and close to major rivers as well as in areas of lower risk—wherever the federal program is available. It can be purchased from specialized companies through independent insurance agents, or from regular homeowners insurance companies that have arrangements with a specialized insurer to provide coverage to their policyholders.

For assistance with your personal insurance needs, contact ProCo, the people partner!



Adrienne Peixotto
Director of Private Client Group
Direct 415.223.5543
Cell 415.250.2222
Adrienne.Peixotto@proco.global

