

How to Sell Commercial Earthquake Insurance Like a Pro



Understand the product and client risk

What does Commercial Earthquake insurance cover?

Commercial property insurance protects businesses against property damage claims, but standard policies exclude earthquake damage. To ensure your clients are protected from seismic events, they will need to purchase additional earthquake coverage. Earthquakes are not limited to California; they can occur in 39 out of 50 states, including Oklahoma, which has seen a 50% increase in earthquake insurance purchases.¹

Unlike traditional commercial property insurance, earthquake coverage often covers:

- **Property damage:** Covers structural damage to buildings
- **Business Income:** If operations are halted due to an earthquake, this coverage compensates for lost

income, payroll, and other expenses until normal operations resume.

- **Additional Coverage:** Policies often include protection for signs, pools, fences, and repairs mandated by local laws.

Identify and prioritize prospects

- Target commercial property owners, especially those near fault lines or in earthquake-prone regions.
- Prioritize businesses with significant physical assets or those that would suffer financially from downtime.
- Use your existing book of business to identify clients lacking earthquake coverage.

Educate and build awareness

- **Position yourself as a trusted advisor:** Explain the gap in standard coverage. Use phrases like: “Most business owners don’t realize their property policy has an earthquake exclusion. Let me show you what that means for your business.”
- **Use data and stories:** Share FEMA statistics showing nearly half of small businesses never reopen after a disaster.
- **Highlight Financial Impact:** Use real examples of earthquake losses and recovery costs to make the risk tangible.

Share these examples and more in our [Why Your Business Needs Earthquake Insurance](#) brochure for policyholders.



Address common objections

- **“It’s too expensive”** → Compare the premium to the potential loss. “For roughly \$X per month, you protect a \$X million asset and your revenue stream.”
- **“We’ve never had an earthquake here”** → “That’s exactly when insurance matters most—you can’t get it after the event, and statistics show this region has a X% chance over 50 years.”
- **“We’ll take our chances”** → “I understand. Just know that most businesses that suffer major uninsured losses never reopen. Let’s at least discuss what partial coverage might cost.”

Understanding Business Income coverage

This is often your strongest selling point. Business Income (BI) coverage compensates for lost net income and continuing normal expenses, including payroll, when earthquake damage forces a business to close or reduce operations.

Loss Scenario: Business Income coverage after an earthquake

In this hypothetical scenario, a retail store was hit by an earthquake. The earthquake caused significant damage to the store's physical structure. As a result, the retail store was forced to close for 30 days for repairs. **The store typically earns about \$162,000 per month in revenue and incurs \$42,000 per month in expenses, which equates to \$120,000 expected income per month.** See below for the calculation based on actual expenses and actual revenue.

Calculation of Business Income loss:

Actual revenue:	\$0
Actual expenses:	(\$30,000)
Actual Income:	(\$30,000)

Total Loss to Claim = Lost income of \$120,000 + actual expenses of \$30,000 = **\$150,000.***

This insured accurately calculated their BI value which covered the total loss of \$150,000.

Download our [Understanding Business Income brochure](#) for full details. Run these numbers for your clients and prospects to help them understand the need for the coverage.

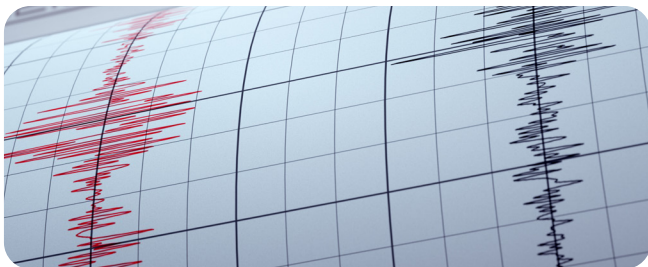
* Disregarding any applicable waiting period and deductible.



Risk mitigation strategies

Help clients reduce both their exposure and possibly premiums by recommending these risk mitigation measures:

- **Conduct a seismic evaluation:** A seismic evaluation assesses your property's vulnerability to earthquakes. A professional engineer can conduct a seismic evaluation and provide recommendations for strengthening your property.
- **Secure heavy objects:** Heavy objects like bookcases and appliances can become dangerous projectiles during an earthquake. Make sure that these objects are secured to the wall or floor.
- **Install automatic gas shutoff valves:** An automatic gas shutoff valve can help prevent gas leaks during an earthquake. These valves automatically shut off the gas supply when they detect seismic activity.



- **Reinforce your foundation:** A strong foundation is essential for withstanding earthquake forces. Consider reinforcing your foundation with steel or concrete.
- **Install seismic retrofitting:** Seismic retrofitting involves adding additional support to your property to help it withstand earthquake forces. Retrofitting can include adding steel braces or shear walls.

Refer your prospects and clients to icat.com/about/tools-resources.html for numerous earthquake resources.

Closing the sale

1. **Identify the Gap:** “Your current policy excludes earthquake damage.”
2. **Quantify the Exposure:** “Your building and contents are worth \$X, and you generate \$Y monthly.”



3. **Present the Solution:** “For \$Z per month, we can protect your entire operation.”
4. **Create Urgency:** “We can add this to your policy now, but we can't after an earthquake is forecast or occurs.”
5. **Make it Easy:** “I've already run the quote—all I need is your approval to bind coverage.”

Why ICAT?

- Over 25 years of industry-leading expertise
- Quote and bind in minutes with ICAT Online
- Claims handling in-house through ICAT Boulder Claims
- Strong line-up of A rated carrier partners



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Get appointed with ICAT

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Visit [icat.com](https://www.icat.com) to learn more.

¹ Insurance Information Institute. [2021]. Earthquake Insurance: What You Need to Know.

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