



Why your business needs earthquake insurance

Understanding the risk

- 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
- The 1964 Alaskan Earthquake remains the most powerful in U.S. history, causing significant destruction and highlighting the potential for widespread damage.
- A 2014 U.S. Geological Survey report indicates that 42 states face a reasonable chance of experiencing damaging earthquakes.

What Commercial Earthquake insurance covers that your standard property insurance doesn't

- **Property Damage:** Earthquake insurance covers structural damage to your buildings and business personal property. Vital assets such as inventory and equipment are also covered, ensuring that your business can recover after a seismic event.
- **Business Income:** If your operations are halted due to an earthquake, this coverage can compensate for lost income, payroll, and other expenses until you resume normal operations. Download our [Understanding Business Income Coverage brochure](#) to learn more.
- **Additional Coverage:** Earthquake policies often include protection for signs, pools, fences, and repairs mandated by local laws.

Cost considerations

- Premiums vary widely based on location, property size, age, construction type, and proximity to fault lines. Meaning we can create a policy that fits your specific circumstances and risk profile.
- ICAT policies are based on replacement cost, ensuring that in the event of a loss you receive the full amount needed to replace damaged property.
- Deductibles typically range from 2% to 20% of the policy limit. For example, a \$300,000 policy with a 5% deductible means you would pay \$15,000 out-of-pocket for claims.

BELOW IS AN EXAMPLE OF OUT-OF-POCKET COST WITH AND WITHOUT EARTHQUAKE COVERAGE FOR A COMMERCIAL BUILDING IN A PEAK EARTHQUAKE ZONE.

	OUT OF POCKET COSTS WITH EARTHQUAKE COVERAGE	OUT OF POCKET COSTS WITHOUT EARTHQUAKE COVERAGE
Building Value	\$2,035,458	\$2,035,458
Premium	\$4,070.92	\$ -
Deductible @5%	\$101,772.90	\$ -
Loss Amount	\$750,000	\$750,000
Uninsured Loss	\$ -	\$750,000
Out of Pocket Costs (Premium + deductible + uninsured loss)	\$105,843.82	\$750,000

The Consequences of not having coverage

- According to FEMA, almost half (43 percent) of small businesses affected by a disaster never reopen after the disaster, and an additional 29 percent go out of business within 2 years of the disaster.²
- Standard property insurance often excludes earthquake damage, leaving your business vulnerable to rebuild without any help from insurance.
- The Northridge earthquake in 1994 resulted in \$20 billion in insured losses, demonstrating the financial impact of seismic events.³
- Earthquakes can disrupt operations for days or weeks, leading to significant financial losses.

Mitigating your risk

- Assess your business's location and structural integrity. Properties near fault lines or built before modern codes are at higher risk.
- Implement risk management strategies to identify coverage gaps and enhance your preparedness.

Take action

- Don't wait for the next earthquake to strike. Protect your business with commercial earthquake insurance.
- Contact your agent to learn more about how to secure the coverage you need to safeguard your business against seismic risks.

Get started

Contact your agent and ask for an ICAT quote today.

Visit [icat.com](https://www.icat.com) for more helpful tools and resources.

1 Insurance Information Institute. (2021). Earthquake Insurance: What You Need to Know.

2 Stay in Business after a Disaster by Planning Ahead

<https://www.fema.gov/press-release/20230502/stay-business-after-disaster-planning-ahead#:~:text=About%2025%20percent%20of%20businesses,for%20disasters%20large%20and%20small.>

3. The Northridge quake: Mapping the destruction. (2024, January 14). Daily News. <https://www.dailynews.com/2024/01/14/the-northridge-quake-mapping-the-destruction/>

This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.

© 2024 ICAT Managers. All Rights Reserved. | 385 Interlocken Crescent, Suite 1100, Broomfield, CO 80021 | www.icat.com | 303-327-1872

25-465152