

Earthquake coverage not included in business insurance policies

Am I covered if an earthquake damages my business?

Unless you've purchased earthquake coverage, you are not covered by a standard commercial property policy. So, structural damage to your business and any loss of furnishings and business possessions would not be covered.

The business policy has a specific exclusion where damage or loss by earth movement which is defined as earthquakes including sinking, shifting or rising related to such an event, is not covered.

How does earthquake insurance work?

You can purchase an endorsement to a business policy or as a separate policy to cover your losses from earthquakes and aftershocks. Since different building materials react differently to earth movement (brick versus wood, for example), premiums vary by the type of construction of the building.

Earthquake insurance deductibles are considerably higher than standard deductibles. Usually they are determined by a percentage of the building's value, generally from 5 percent to 40 percent for commercial risks.

Can I buy earthquake insurance at any time?

The only time you can't buy the coverage for a business is within 168 hours after an earthquake, since there may be damaging aftershocks within that period of time.

With earthquake coverage, am I covered for aftershocks?

Yes. With a business earthquake endorsement, any damage from the earthquake and from aftershocks that happen within 168 hours of the earthquake will be considered one occurrence but while one deductible will apply, so will one limit.

Do I really need earthquake coverage in this area of the country?

Small earthquakes occur frequently in the Northeast. In fact, according to the Weston Observatory at Boston College, in 2009, there were 82 earthquakes. Most of these had a magnitude in the 2 range, and some in the 3 range.

Although recently a Northeast earthquake registered a 5.9 on the Richter Scale, earthquake hazard maps (e.g., the National Seismic Hazard Map developed by the U.S. Geological Survey in 2008) generally show that in most parts of New England, there is about a 2 percent chance, that in any given 50-year period of time, earthquake vibrations that are potentially damaging will strike.

