[Dallas-area insurers see spike in calls about quake policies](https://uphelp.org/dallas-area-insurers-see-spike-in-calls-about-quake-policies/)

The Dallas Morning News

Earthquake insurance isn’t exactly a familiar product to Texas homeowners, unlike their counterparts in quake-prone California.

But after a series of earthquakes were recorded in a swarm last week near State Highways 114 and 183 in Irving, insurance companies have started receiving calls from consumers asking about earthquake insurance.

“We have received a noticeable increase in inquiries — does my homeowners policy cover this, and how hard is it to add that,” said Gary Stephenson, spokesman for State Farm Insurance, the state’s largest home insurer.

The short answers: Earthquakes aren’t covered by standard homeowners insurance, so additional coverage must be purchased. And it can be added very easily to a homeowners policy.

But should you buy it?

The answer to that is not so simple.

“I wouldn’t buy it because it’s such a rare occurrence,” said Randall Guttery, director of real estate programs at the University of Texas at Dallas’ Jindal School of Management. “At some point, you have to self-insure some stuff in your life or you’ll be broke.”

I suspect that North Texas homeowners who’ve felt the series of shakes don’t buy that right now. They’re genuinely rattled, and as a Californian, I can understand their fear.

So don’t be surprised if sales of earthquake coverage spike among North Texas homeowners.

“That is our experience,” said Glenn Pomeroy, chief executive of the California Earthquake Authority, a not-for-profit, publicly managed, privately funded provider of earthquake insurance. “Whether the event occurs in California or in Japan, a major earthquake that dominates the news does tend to get people thinking about this.”

Whether you should buy earthquake insurance depends on the likelihood of your home sustaining serious damage in a temblor.

"How likely is it that my house would shake badly enough to where I either would not be able to live there or I would need to make very expensive repairs beyond what I could pay for out of my own savings?" said Amy Bach, executive director of United Policyholders, a nonprofit information resource for insurance consumers. "That's an analysis based on your house."

Other things to consider:

How much will it cost you?

In the Dallas-Fort Worth area, adding earthquake coverage to a standard State Farm homeowners policy would generally cost $60 to $110 a year, Stephenson said.

But it depends on several factors, including the age of a home, its size, its construction type and the cost of rebuilding, he said.

"What kind of product can you get for your money?" Bach said. "Are you going to have a 10 percent deductible or 15 percent, which is high? For most people, an earthquake policy with a deductible of over 10 percent is not really going to be worth it unless it's very cheap."

State Farm's deductible is 2 percent or 5 percent of the policy's face amount.

What won't the policy cover?

"You have to really look at the specifics of the policy they offer you," said J. Robert Hunter, director of insurance at the Consumer Federation of America. "What kind of exclusions and/or restrictions are there? If your brick chimney falls down or not, things like that."

Hunter noted that "brick is much more likely to fall over than frame. Wood doesn't fall apart when it shakes. Brick does."

Be sure to buy "replacement cost" coverage, not "market value" coverage. Replacement cost coverage pays for the cost of rebuilding or replacing the home.

"Homes also have a 'market value,' and what they might bring on the market is not necessarily what it would cost to rebuild or replace it if there were a fire, tornado, or earthquake," Stephenson said. "It is the replacement cost that a person should insure for."

What it comes down to is, how much risk are you comfortable with?

"I never tell people no [not to buy earthquake insurance] because everybody has a different risk threshold about what they're willing to accept for risk," said Hunter, a former Texas insurance commissioner. "But I would be very cautious about buying it. There's always a tendency to buy stuff right after an event and then drop it three years later because it didn't happen again."

Money help

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