[There's a quake every three minutes in California – here's why we still don't buy quake insurance]

ABC 7 News

ORINDA, Calif. KGO) — Scientists tell us earthquakes strike every three minutes in California — though most of them are so weak we can't feel them, enough are so big we can't forget them. So, does living through a quake drive us to buy earthquake insurance?
Not so much.
The California Earthquake Authority says the vast majority of homeowners opted not to buy an earthquake policy. What's stopping us?
"It was expensive," said Elizabeth Cehovec of Orinda. "And the disclosure policy they showed me didn't look like a good deal."
Cehovec has a shed full of earthquake supplies in preparation for the next quake. She also has bolted her house to its foundation and installed sheer walls to resist shaking. The one thing she doesn't have is earthquake insurance. She used to carry insurance but canceled it when she noticed some of the restrictions outlined in the CEA policy.
For one, the policy says if the CEA runs out of cash, it might not pay a policyholder's claim. Also, if the fund gets too low, CEA could pay claims on a pro-rated basis, giving a percentage of the loss. It might also pay policyholders in installments, or even raise their premiums as much as 20 percent.
"That doesn't sound like insurance," Cehovec said. "Yes I was shocked. You might have to pay more and at the end, they might not have any money to give you, so why would I put money into something like that?"
CEA's executive director Glenn Pomeroy says it's still the best option for homeowners wanting to protect their property in the heart of earthquake country..
"If you have a policy, there's a small chance you won't get paid a full amount, but that's a small chance," Pomeroy said. "And if you have no policy at all, you are completely on your own if you're wiped out."

Pomeroy says it's unlikely the CEA would run out of cash.

Currently it has $17 billion available to pay claims. While that's far less than the total damage caused by major quakes like Northridge in 1994, Loma Prieta in 1989, and the San Francisco quake of 1906, it's enough to cover potential claims.

That's because very few homeowners carry a CEA policy. Just over 1 million homes have earthquake insurance through the CEA — about 10 percent of all homes. He said $17 billion is more than enough to pay out claims for all who have a policy. If, say, the Loma Prieta quake happened again today, according to Pomeroy, it would result in $1.3 billion in potential claims — well within budget.

"We provide coverage for people who buy our policy, we don't cover the whole state of California," Pomeroy said. "You have to buy an earthquake policy in order to be covered by that policy, and we've got over a million homes right now that we provide that $17 billion of protection for."

CEA has only paid 525 claims since its inception in 1996 — including just 43 from the catastrophic Ridgecrest earthquakes this summer in Southern California.

Amy Bach of United Policyholders, a consumer advocate for insurance buyers, said she recently decided to purchase a CEA policy for herself.

"I don't worry about the earthquake insurance authority running out of money," she said. "The real question to ask is, does this pencil out for you? Where is your house located, are you on landfill or bedrock, do you have two stories on a garage?"

Policies can be pricey. Premiums range from $800 to $5,000 a year. and deductibles average 15 percent of a home's value. For a $500,000 home, that's a steep $75,000 deductible.

"How likely is it that in the 'Big One' my house is gonna be damaged so much that it's gonna cost more than $100,000 to fix it," Bach said. "That's kind of the reduced question."

Cehovek is putting her trust in bolts and sheer walls to get her through the Big One.

"It's scary, but it depends how big the earthquake is," she said. "Just keeping my fingers crossed."

The CEA has an online calculator that lets you type in your address and get an instant quote for quake insurance. The calculator considers the value of the home, the location and whether you've had any retrofit work done.