

DOES CALIFORNIA EARTHQUAKE INSURANCE MAKE “\$ENSE”?

Mary Lou Zoback
Consulting Professor, Geophysics Dept.



STANFORD UNIVERSITY

Earthquake insurance – does the math make \$ense?

- 2500 square foot home
- Construction price in Bay Area **minimum \$400/square foot**
- Home value = \$1 million
- CA EQ Authority premium in 94305 ~ \$4000/yr
- Earthquake after 10 years:
 - \$40K in premium
 - 15% deductible = \$150K
- Home must sustain \$190K in damage before you get anything back from insurance!



Insurance as a resilience strategy

- Retrofit -> **Shelter in place** -> Neighborhood businesses and schools restarting sooner
- Out buildings, pools, etc. not covered
- Temporary living expenses \$1200 – likely to last less than a week
- Even if home unlivable, owner still responsible for mortgage
- Alternatives
 - Natural hazard mortgage insurance
 - Equity line of credit “in waiting”

