

Earthquake Insurance Snapshot

RESULTS OF A SURVEY OF EARTHQUAKE INSURANCE
OUTREACH AND PROMOTION IN THE WESTERN U.S.

CASCADIA REGION
EARTHQUAKE WORKGROUP
CREW



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Earthquake Insurance Snapshot

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[The Cascadia Region Earthquake Workgroup \(CREW\)](#) is a 501(c)(3) nonprofit coalition of private, public, and academic partners working together to improve the ability of communities, businesses, and households to reduce the effects of earthquakes and related hazards.

Earthquake Insurance Snapshot

Objectives

Beginning in the winter of 2020, CREW undertook a multi-state survey to discover existing laws, policies, outreach efforts, and issues related to earthquake insurance. The purpose of this inquiry was to provide an overview of the status of earthquake insurance and existing public education efforts in order to inform the development and design of outreach and education strategies and materials that are suitable for use across all western states and territories.

CREW's survey included interviews with state insurance regulators and earthquake program managers,¹ as well as consultation with representatives of the National Association of Insurance Commissioners: Center for Insurance Policy and Research, the California Earthquake Authority, the Insurance Information Institute, and United Policyholders.

Findings

Earthquake Insurance Regulations

California is the only state surveyed that has regulations specific to earthquake insurance in its state codes: §§ 10081 et seq. (aka the "Mandatory Offer") requires that all insurers who sell residential property insurance also offer earthquake insurance with every policy sold; and 10089.5 et seq. establishes the California Earthquake Authority (CEA), an instrumentality of the state through which participating insurers offer earthquake insurance policies. These codes apply to residential earthquake insurance only.

When asked about the potential for replicating CEA in other states, consensus among insurance regulators was that there is currently no political traction for such legislation, nor for the mandatory offer law. Glenn Pomeroy, Chief Executive Officer of CEA,² observed that a mandatory offer law is a necessary precursor for the

¹ Insurance regulators: Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming; earthquake program managers: Arizona, California, Guam, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming, and FEMA Regions VIII, IX, and X and HQ.

² CREW Interview on March 4, 2021.

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creation of a CEA-type entity.³ It is anticipated that the insurance industry would vigorously oppose efforts to institute the mandatory offer law outside of California.

Proposed Legislation

California Senate Bill No. 440, *Earthquake and wildfire loss mitigation*, was introduced on February 16, 2021, by Senator B. Dodd: Among other provisions, it would introduce a small post-earthquake assessment on specified types of insurance policies in the event that an exceptionally damaging earthquake were to exceed CEA's capacity to cover claims. One result of this legislation would be to lower CEA's reinsurance costs and funnel more money annually into mitigation. This bill requires a two-thirds vote to pass. It remains in committee and is not scheduled for a hearing. (Similar legislation was proposed in the past, but was not passed by the legislature.)

Policies Related to Earthquake Insurance Outreach and Uptake

Most of those interviewed had developed no specific policies concerning earthquake insurance, two exceptions being California⁴ and Oregon.

California Earthquake Authority (CEA)

The California Earthquake Authority has been in operation since 1996 and is the largest provider of earthquake insurance in the United States. In addition to offering residential earthquake insurance, CEA manages a home-mitigation grant program ([Brace + Bolt](#)).

Between 2010 and 2020, CEA set out to increase the number of its earthquake insurance policyholders. This involved a concerted marketing initiative, as well as the introduction of a new range of earthquake insurance coverage options that offered consumers greater flexibility and choice. CEA also created an online premium calculator: this tool makes it easy for consumers to identify insurance options that align with different budgets. These efforts, perhaps in combination with elevated consumer awareness following a number of high-profile disaster events, led to a 40 percent increase in the number of CEA earthquake insurance

³ However, a CEA-type program was recommended in a [2018 study](#) by the Oregon Seismic Safety Policy Advisory Commission (OSSPAC); a CEA-type program was discussed in Washington by the Washington Disaster Resiliency Work Group (See [Final Report](#), November 30, 2020).

⁴ See also discussion of [CEA](#) above (under Earthquake Insurance Regulations).

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policies in force: from 811,000 in 2010 to a total of 1.1 million in 2020 (a total insured value of \$567 Billion).

CEA is now engaged in a reassessment and strategic planning process.⁵ A principal objective of this undertaking is to address challenges arising from the increase in the number of CEA policyholders and the corresponding increase in the costs associated with providing coverage. In particular, in taking on more policyholders, CEA increases its risk exposure and, in the absence of a state- or federally financed backstop, CEA purchases billions of dollars' worth of additional reinsurance in order to maintain the capacity to pay all claims in the event of a catastrophic (1-in-400-year) earthquake.

Among the possible adjustments that CEA has explored is a contraction of its policy coverage options in an effort to keep the cost as stable and affordable as possible for consumers. This would involve a reduction in the amounts and types of coverage included in the policies that CEA offers. Another avenue being explored is reconsideration of the projected earthquake event that has historically been used to define how much claim-paying capacity CEA maintains. Currently, this is a 1-in-400-year return period, with a very low probability (0.25%) of occurrence in any given year. These and other possible alterations continue to be examined by CEA staff.⁶

In order to define and evaluate the options, CEA has been consulting with and gathering input from stakeholders, including consumers, consumer groups, insurance industry trade associations, CEA participating insurers, and legislative staff.

Oregon Seismic Safety Policy Advisory Commission

The Oregon policy recommendations are articulated in [*Encouraging Homeowner Resilience through Earthquake Insurance and Seismic Retrofit*](#), which presents results of a 2018 study by the Oregon Seismic Safety Policy Advisory Commission. It concludes that "Earthquake insurance is not as resilient as retrofitting. Insurance does nothing to prevent earthquake damage from occurring. Insurance does not allow people to stay in their homes and avoid reliance on scarce shelter space. The State should focus less on increasing earthquake insurance uptake and more on seismic retrofit of single-family homes." It recommends that the Office of Emergency

⁵ [Notes from the meeting of the California Earthquake Authority's Governing Board Meeting, December 9, 2021](#) (PDF).

⁶ *Ibid.*, pages 3ff, summarizing the six workstreams that CEA is examining.

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Management conduct education and outreach, but that the focus of such a campaign be to encourage retrofitting. The campaign should also deliver information about earthquake insurance, but this outreach should be targeted to homeowners in high-risk areas and homes. In addition, the report recommends that the Department of Consumer and Business Services create educational products about earthquake insurance for consumers. The report's policy recommendations have not so far been taken up by the legislature.

Priority Perils

Among the insurance regulators consulted, earthquake insurance is considered a low priority. While limited awareness of the state's earthquake hazard seemed to play a role in this ranking in some cases,⁷ the overwhelming consideration was regulators' preoccupation with seasonal perils, which currently make more demands on their time and resources and are the source of immediate and often urgent concern. Issues associated with wildfire, for example, include rising costs for consumers and the refusal of insurers to offer policies in high-risk areas.

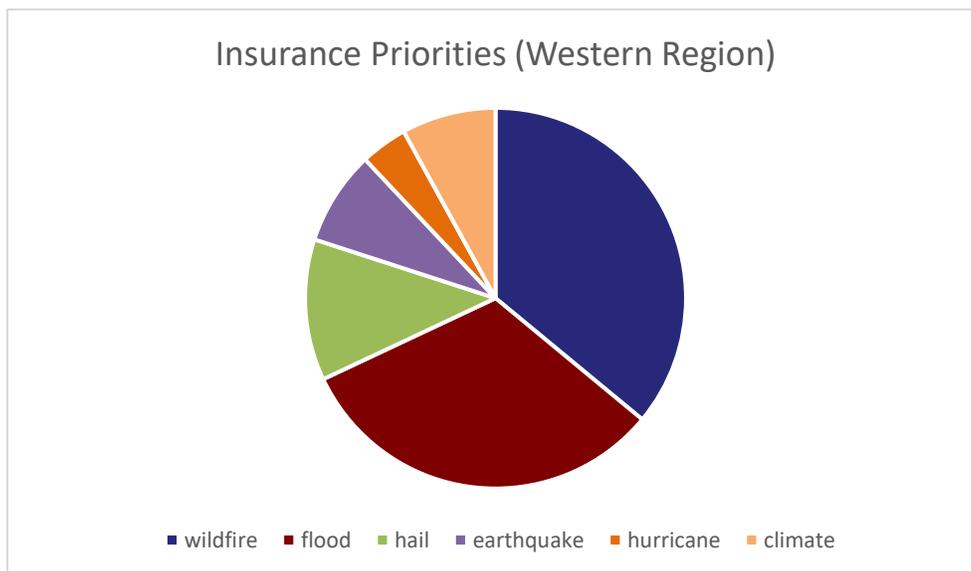


Figure 1. Wildfire and flood dominate as the perils of greatest concern in the majority of states surveyed. Hail was identified as a concern in several inland states, where it frequently causes expensive damage to roofs.

⁷ All but one of the states/territories in the survey have High or Very High earthquake risk, as identified in FEMA NEHRP's State Assistance Target Allocation List. (See FEMA's [State Assistance Program and Other FEMA Grants](#) page.)

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Correspondingly, the majority of regulators did not consider that increasing the number of people with earthquake insurance is, or is likely to become, a priority for their agencies.⁸ A number also indicated that such an objective lies outside of their mandate, and that their role is not to promote uptake, beyond ensuring that consumers have the information they require to make informed choices.

The National Association of Insurance Commissioners (NAIC) has created a [Climate and Resiliency \(EX\) Task Force](#) that does include in its sphere of interest issues related to earthquake insurance. Climate risk is the primary focus, with the lion's share of attention on storm, flood, wildfire, and other climate risks.

The NAIC Center for Insurance Policy and Research (CIPR) started a resilience work group in FEMA Region IV. NAIC-CIPR intends to generate a similar work group in the western region, or perhaps several groups (for Regions VIII, IX, and X). While earthquake insurance issues would fall within the purview of these resilience work groups, CREW was told that the topic would likely come up only periodically, as earthquake is a lower priority than other perils. It wasn't thought that there is sufficient interest and momentum to sustain a work group dedicated to earthquake insurance issues alone.

Earthquake program managers had varied answers to questions about earthquake insurance. Increasing the number of those with earthquake insurance coverage (and coverage for other perils) was generally recognized by earthquake program managers as desirable, and some programs do incorporate basic information and messaging about earthquake insurance in the context of other outreach. Nevertheless, earthquake insurance messaging even in these cases has typically been limited and peripheral to other outreach focus areas, such as mitigation. Some program managers indicated that they need a better understanding of the subject in order to present it and answer questions from the public.

Earthquake insurance is briefly articulated as a priority in the 1977 legislation that established the National Earthquake Hazards Reduction Program: in *Section 3. Purpose*, of the Earthquake Hazards Reduction Program Reauthorization Act of 2018, the objectives of the National Earthquake Hazards Reduction Program still include "(7) the development of ways to assure the availability of affordable

⁸ At a meeting (February 2021) held by the National Association of Insurance Commissioners, Center for Insurance Policy and Research, regulators in the western region were asked to rank perils in terms of priority. The results mirrored CREW's findings: regulators placed earthquakes at the bottom of the list.

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earthquake insurance." Activities that are designed to increase uptake are specifically included as "allowable activities" eligible for funding by the FEMA NEHRP, Multi-State and National Earthquake Assistance grant program.⁹

More broadly, FEMA identifies closing the insurance gap as a priority. Public-facing information and outreach online suggests that flood insurance is at present the greater priority. Outreach materials available through Ready.gov, for instance, include an [Earthquakes](#) page that briefly recommends earthquake insurance, although the link provided leads to a multi-hazard [Financial Preparedness](#) page on which flood insurance is specifically referenced, but not earthquake insurance. ([A Document and Insure Your Property](#) brochure available from this page does briefly mention earthquake insurance.) FEMA also created an [infographic](#) for earthquake insurance and an [Earthquake Insurance](#) webpage: both include content that introduces issues (such as low uptake rates) that complicate the use of earthquake insurance as a resilience tool, and so both are presumably primarily aimed at emergency managers and earthquake preparedness professionals, rather than the general public.

In August of 2021, the FEMA Region IX Earthquake Insurance Project team published a one-page [fact sheet](#) for use in public education and promotion of financial preparedness, including earthquake insurance. The FEMA IX team includes representatives from United Policyholders, the National Flood Insurance Program (NFIP), FEMA Regions VII and IX, California Earthquake Authority, and Jumpstart Insurance (which sells parametric insurance). Formation of the team was initiated by Region IX's Earthquake Program Manager for the purpose of developing a Financial Resilience Tool Kit, of which the new fact sheet is the first product. The tool kit is a pilot project—the initial focus is a California audience—with the prospect of eventual adaptation and use in other states and territories.

Measuring Uptake

Uptake rates reveal how many people with homeowner's insurance also take up coverage for earthquakes. They are one of the few reliable measures not only for the size of the earthquake insurance gap, but also, if done annually, of consumers' behavior in response to outreach, marketing, and other stimuli.

⁹ Articulated as "Multi-State support for whole community preparedness through education, awareness and outreach activities that promote the purchase of Earthquake Insurance by property owners. Materials and activities cannot promote or create the appearance of promoting a specific insurance provider or company."

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Few state insurance regulators do (or have done) data calls.¹⁰ Of the western states surveyed, only [California](#) does such a data call annually. The 2019 report shows the uptake was 13.89 percent, while the 2020 report indicates a slight decline to 13.77 percent. Uptake rates, however, don't include the number of people who lack residential insurance entirely. Thus, Glenn Pomeroy of the California Earthquake Authority speculates that the percentage of the total population with earthquake insurance in California is probably nearer 10 percent.

Two other western states have done isolated data calls: [Oregon's](#) 2017 report showed an uptake rate of 14.8 percent; [Washington](#) likewise produced a data call in 2017, showing residential uptake was 11.3 percent. (Washington's data call also looked at commercial uptake: 43.2 percent.) For comparison, [Missouri](#), which collects data annually, had a rate of 27.8 percent in 2018, much higher than that of California, Oregon, and Washington. Missouri's uptake studies over time, however, reveal a consistent decline in that state.

Another effort to measure the percentage of the population with earthquake insurance is the Insurance Information Institute's consumer poll (2020). It indicated that 23 percent overall [28 percent in the west] of people polled say they have earthquake insurance. These figures are higher than expected given results of data calls in California, Washington, and Oregon. A similar poll for flood insurance also yielded a higher number than that shown in NFIP's data. These discrepancies suggest that some of the consumers polled answered in the affirmative because they mistakenly believe that their homeowners policies cover damage from earthquakes/floods.

Types of Earthquake Insurance

Residential earthquake insurance is usually offered as a policy endorsement or rider to a standard homeowner's policy, although a few companies offer it as a stand-alone policy. The cost of the premium, deductible, and specific terms vary.

An alternative, and less expensive, form of insurance is parametric earthquake insurance. At the time of this inquiry, it was available as a residential product in three of the states surveyed: California, Oregon, and Washington; it was sold by only one company (Jumpstart).¹¹ Unlike conventional (indemnity) insurance,

¹⁰ To track uptake, some regulators may need greater statutory authority to collect and report data and still protect insurance companies' proprietary and basic information.

¹¹ A Florida-based company (New Paradigm Underwriters), initially focused on hurricane coverage, now also offers a parametric earthquake insurance product. It targets clients with high net worth.

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parametric insurance pays a policy holder after a qualifying earthquake event occurs. The payout to the insured is capped (e.g., \$10,000) and is not based on damage, so no damage assessment or claims adjustment is required. This provides the policyholder with a comparatively quick influx of cash to cover immediate post-earthquake expenses. The payout is too low, however, to cover the cost of repairing substantial earthquake damage.

At the time of the interview, the insurance company in question (Jumpstart) had done actuarial modeling and licensing to offer parametric insurance in Idaho, Utah, and Nevada.¹² The next step, however, depends on the company's reinsurer, which prefers to evaluate the situation in California, Oregon, and Washington for a year or two before extending the parametric product to other states.

Why Do/Don't People Buy Earthquake Insurance?

In the absence of solid consumer research on this question, CREW sought the opinions of those with professional expertise in the insurance field, including insurance regulators and personnel at the California Earthquake Authority (CEA) who specialize in earthquake insurance. The following results should be considered anecdotal and can be construed as hypotheses. Top results are numbered; the remaining suggestions are in the subsequent bulleted list.

People are motivated to buy earthquake insurance because:

1. Their attention was captured and concern stimulated by a recent earthquake or other natural disaster. (CEA does have some data that shows a correlation between increases in uptake and occurrences of such events.)
2. They have higher-than-average awareness of earthquake hazards and a high level of risk aversion.

Other suggestions:

- They're aware of their particular property's high earthquake risk.
- They're offered flexibility/choice among policies (e.g., premium costs/deductibles).
- Insurance agents educate consumers when they buy residential policies.
- They want to protect an asset.
- Home mitigation lowered the premium cost.

¹² CREW interview on Dec. 7, 2020.

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People don't buy earthquake insurance because:

1. Earthquake insurance is expensive.
2. Earthquakes happen rarely, minimizing public perception of the hazard/risk.
3. The deductible is considered too high.
4. They believe their home is in a low-hazard area; or they're unaware of the earthquake hazard and possible damage.
5. Competing perils/costs (e.g., wildfire, hail) increase overall expense, so consumers are less able to afford additional coverage.
6. They don't realize their homeowners policy excludes earthquakes.

Other suggestions:

- They feel overwhelmed by the hazard/risk and avoid thinking about it.
- Agents don't explicitly offer earthquake insurance to consumers.
- Earthquake insurance is difficult to get: i.e., few carriers in highest-risk areas.
- Insurers won't write a policy if the structure isn't adequately braced.
- They think that, because their buildings were not damaged by previous earthquakes, they won't be damaged by the next one.
- They consider the structure's value too low to justify the cost of coverage.
- There's no incentive: e.g., it's not required for a mortgage.

Who buys earthquake insurance?

1. Affluent people with high-value houses.¹³
2. Outside of California: People who previously lived in California or who come from another state with higher earthquake awareness.

Other Suggestions:

- Homeowners who have paid off or are close to paying off their mortgages.
- People who have read about, or participated in conversations about, earthquake preparedness.

Earthquake Insurance Issues and Obstacles

The above information, combined with results of additional research, also calls out some of the larger issues and obstacles affecting the use of earthquake insurance

¹³ This perception may receive support from Washington's 2017 data call, which found that "higher value homes are more likely to have coverage," from which it was inferred that there is "a potential affordability issue for owners of more modest homes" ([2017 Earthquake Data Call Report](#), p. 28).

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as a resilience tool. These can be roughly sorted into two categories and summarized as follows.

Examples of consumer-side issues include:

- Highest hazard areas have very expensive earthquake insurance premiums; actuarially sound earthquake insurance rates are unaffordable for many.
- Mitigation to reduce damage is considered more cost-effective: people opt to mitigate, rather than insure.
- Consumers view earthquake insurance as an "investment"—that is, high cost + high deductible + low probability of a damaging earthquake means earthquake insurance fails consumers' benefit-cost analysis.
- Conventional (indemnity) earthquake insurance is seen as primarily benefitting homeowners; renters make up a large part of the population.

Examples of supply-side issues include:

- Fewer insurers may be willing to write policies in very high-risk areas.*
- Insurers limit the number of policies they're willing to write in high-risk areas.*
- Insurers can refuse to write policies for structures that don't meet criteria (e.g., for seismic bracing).*
- Writing more policies increases insurer's earthquake exposure and costs (i.e., for reinsurance), which can compel a price increase for consumers, or mean policies provide less coverage to keep premiums affordable.
- Actuarially sound rates in very high-risk areas may be prohibitively expensive to all but a few consumers.
- With the increase in online transactions, consumers have fewer opportunities to speak with agents and brokers (less opportunity to learn about earthquake insurance options).

**Exception: In California, the California Earthquake Authority offers residential earthquake insurance to anyone.*

Consumer Research

It is difficult to verify or test hypotheses about consumers' choices without more data. Meanwhile, a recent study of the problem was published in CIPR's *Journal of Insurance Regulation* and advances the view that attitudes (shaped by culture),

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rather than issues such as affordability, could be the more important factor affecting people's decisions about earthquake insurance.¹⁴ In particular, having compared earthquake insurance uptake and related factors in Washington and British Columbia, the authors suggest that people in the U.S. are less likely than people in Canada to purchase earthquake insurance, because U.S. residents are more likely to expect that they will receive financial help from the government following a disaster. The authors caution, however, that this finding must be considered conjectural, as there is currently insufficient primary data available to validate it.

Whether and how people can be influenced to purchase residential earthquake insurance is another matter for study, and little information is currently available. NAIC's Center for Insurance Policy and Research (CIPR) is undertaking a survey of homeowners in Missouri, Kentucky, and Tennessee. This is being done in conjunction with the Missouri Department of Insurance, which has done a lot of messaging regarding earthquake insurance. CIPR is interested in discovering what people see and how they interpret the messages that already exist (i.e., they're level of awareness and what, as far as content, is resonating with them).

The California Earthquake Authority (CEA) has considerable experience with marketing earthquake insurance and has launched multiple earthquake insurance promotion campaigns since 2008. Because California also does annual earthquake insurance uptake studies, it is to some extent possible to correlate increases in uptake with marketing and other factors. Notable increases after 2014 coincide with CEA's rollout of a wider selection of policies with lower deductible options, as well as better advertising and marketing. There also appear to be correlations between significant disaster events in the news, and spikes in the uptake rates. These include not only sizable earthquakes in California, but big, well-publicized earthquakes elsewhere, such as Mexico (2017), and even hurricanes (such as Harvey and Irma). Such correlations are to some extent speculative, because CEA does not have access to data about decisions of individual policyholders.

Existing Outreach: California Earthquake Authority

Between 2010 and 2020, the California Earthquake Authority's communications and marketing team undertook a number of themed outreach campaigns to promote the purchase of earthquake insurance in California. These campaigns included paid

¹⁴ Kelly, M.; Bowen, S.; McGillivray, G. (2020) [The Earthquake Insurance Protection Gap: A Tale of Two Countries](#). Journal of Insurance Regulation, Vol. 39, No. 11.

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media, such as T.V. and radio ads, email and direct-mail (multi-lingual), outdoor transit posters, and various forms of internet outreach.¹⁵ CEA also promoted earthquake insurance in partnership with ShakeOut and an annual statewide auction with the American Red Cross (i.e., *Get Prepared, California!*), as well as by means of news releases, media advisories, public-service announcements, and (prior to the pandemic) in-person outreach and presentations for various civic organizations, community events, and associations.

CEA's website explains and promotes earthquake insurance, and CEA provides an online premium calculator to help people estimate the cost of earthquake insurance available through CEA. The website includes a feature that gives users information about the earthquake hazard based on geographical location. (California's [MyHazards](#) website tool also allows users to type in an address and receive an easy-to-understand overview of the hazards at that location, along with recommended mitigation actions.)

Existing Outreach: Earthquake Programs and State Regulators

Outside of California, very little "advertising" about earthquake insurance has been done in the western region. Earthquake coverage is considered a very small line of insurance, and conventional insurance companies themselves have not launched such campaigns. Most outreach and education undertaken by public entities and nonprofits is passive: information is made available to consumers who seek it out. More active outreach takes the form of occasional public service announcements, social media postings, and mention at in-person events, typically in connection with other preparedness activities or in response to a particular incident.

Existing Online Resources (Public & Non-profit)

In addition to occasional social media postings, press releases, public service announcements, references to earthquake insurance in connection with a ShakeOut campaign or at in-person events, and distribution of earthquake-insurance informational flyers when engaging with the public at an event, some earthquake program managers and state insurance regulators also offer information about earthquake insurance through their websites. Five of the insurance regulatory agencies surveyed have a dedicated web page for earthquake insurance: California, Nevada, Oregon, Utah, and Washington).

¹⁵ See, for example, the T.V. ads for the [It Could Happen Today](#) campaign.

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Table 1. Links to existing online resources by state/territory (western region)—excluding resources that refer only tangentially to earthquake insurance.

STATE / TERRITORY	EARTHQUAKE INSURANCE INFORMATION RESOURCES—PUBLIC OUTREACH
California	<p>Insurance commissioner: Earthquake Resources page.* Earthquake Insurance flipbook. Earthquake Insurance brochure. EQ Claims Mediation page. *Links to CEA, Brace+Bolt, et al.</p> <p>Cal OES: Earthquake Preparedness & Earthquake Recovery pages, links to CEA. Earthquake guides that include some discussion of earthquake insurance: Earthquake Country Alliance Seven Steps to Earthquake Safety and Earthquake Country Alliance Regional Earthquake Safety Booklets.</p> <p>California Earthquake Authority (CEA): earthquake insurance website, including premium calculator, EQ risk by county; cf. Brace + Bolt webpages; Strengthen Your House webpages. Earthquake Country Alliance (Seven Steps: step 4)</p>
Hawaii	<p>Insurance commissioner; state earthquake program & partner agencies: Multi-hazard guide for consumers (includes some discussion of earthquake insurance): Homeowner's Handbook to Prepare for Natural Hazards (2019) and My Insurance Doesn't Cover What? by Hawaii Dept. of Commerce & Consumer Affairs, Insurance Division.</p>
Idaho	<p>Insurance commissioner; state earthquake program or partner agencies: Multi-hazard guides for consumers (includes some mention of earthquake insurance): A Homeowner's Insurance Guide to Natural Disasters (2015). Post-Disaster Claims Guide</p> <p>Idaho Geological Survey's Earthquake Hazards page: link to Putting Down Roots in Earthquake Country: Your Handbook for Earthquakes in Idaho (2011)—mentions earthquake insurance.</p>
Montana	<p>Insurance commissioner: "List of Licensed Montana Insurance Agencies who offer Flood, Earthquake and Landslide Coverage" (on webpage for flood).</p> <p>Montana Disaster and Emergency Services: link to Earthquake Country Alliance (some discussion of earthquake insurance).</p>
Nevada	<p>Insurance commissioner: Earthquake Insurance webpage. Nevada Consumer's Guide to Earthquake Insurance (2016).</p>
Oregon	<p>Insurance commissioner: Earthquake Insurance webpage. A Consumer's Guide to Earthquake Insurance: the NAIC guide (2011). Earthquakes: Insurance Tips (2009): 2-page "fact sheet."</p> <p>State earthquake program or partner agencies: Earthquake guides for consumers (includes some mention of earthquake insurance): Homeowner Guide to Earthquake Preparedness in the Northwest (by Enhabit, 2016).</p>

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STATE / TERRITORY	EARTHQUAKE INSURANCE INFORMATION RESOURCES—PUBLIC OUTREACH
Utah	<p>Insurance commissioner: Earthquake Insurance webpage. See also Difference in Condition (DIC) Policies webpage.</p> <p>State earthquake program or partner agencies: Earthquake guides for consumers (includes some mention of earthquake insurance): Putting Down Roots in Earthquake Country: Your Handbook for Earthquakes in Utah (2008). Earthquakes.utah.gov: Damages and Insurance FAQs</p>
Washington	<p>Insurance commissioner: Earthquake Insurance webpage.</p> <p>State earthquake program or partner agencies: Earthquake Insurance infosheet (supplied by Office of Insurance Commissioner).</p>

Table 2. Select multi-state and national earthquake insurance education & outreach resources

ENTITY	ONLINE RESOURCES
National Association of Insurance Commissioners and Center for Insurance Policy and Research	<p>CIPR State Resiliency Map (w/links to resilience resources posted on each OIC's website). NAIC Consumer's Guide to Earthquake Insurance (2011). NAIC Newsroom: Understanding Earthquake Deductibles (2021). Insure-U website content has been migrated to NAIC consumer page (2021). NAIC earthquake insurance page.</p>
FEMA & other federal	<p>Ready.gov: multi-hazard Financial Preparedness page (EQ insurance not specifically mentioned). Ready.gov: Document and Insure Your Property brochure (brief mention of EQ insurance). Cf. Earthquake Insurance page and infographic. FEMA Region IX earthquake insurance infographic. USGS: How Do I Decide Whether or Not to Get Earthquake Insurance?</p>
United Policyholders	<p>United Policyholders Roadmap to Preparedness program (multi-hazard); Earthquake insurance tips & resources.</p>
FLASH	<p>If Disaster Strikes, Will You Be Covered? A Homeowner's Insurance Guide to Natural Disasters by FLASH (flash.org) and the Actuarial Foundation (actuarialfoundation.org)—some mention of earthquake insurance.</p>
Insurance Information Institute (iii)	<p>Insurance Information Institute website. EQ insurance articles (webpage). Resilience Accelerator site (earthquakes will be included eventually).</p>

Earthquake Insurance Outreach & Education Resources in Development

Most of those interviewed indicated that their programs or agencies have no plans to develop new outreach materials or messaging. The exceptions are:

- The FEMA IX Earthquake Insurance Project team, which is engaged in developing the FEMA Region IX Earthquake Insurance and Financial Resilience Tool Kit, including informational materials for distribution (as a pilot) in California, but with potential for eventual adaptation and use in other states.
- The Nevada Division of Insurance, which had planned to update the *Nevada Consumer's Guide to Earthquake Insurance* (2016); this update has been delayed due to the COVID-19 pandemic.
- The Insurance Information Institute, which has plans to expand their Resilience Accelerator to include earthquakes.
- The state of Oregon, the insurance commissioner of which is working on a multi-hazard disaster document and is collaborating with other state agencies to develop uniform multi-hazard disaster-preparedness messaging.

The California Earthquake Authority (CEA) has suspended development of marketing campaigns pending completion of CEA's new strategic plan.

Who Should Take the Lead on Outreach and Education?

On the whole, insurance regulators are willing to take a role in educating the public about earthquake insurance, chiefly by making information available to consumers, such as by posting guidance or manuals on their websites. They regard active promotion, however, as outside of their purview. When asked who should take the lead in education, outreach, and promotion, opinion was divided: some thought that insurance agents are best placed for this role, while others pointed to the emergency management community (including state seismic safety commissions and FEMA). In California, the California Earthquake Authority was identified as the natural lead.

For their part, earthquake program managers indicated that they can, and in many cases already do, share basic earthquake insurance information with the public. On the other hand, they often lack the time, expertise, and resources to provide much guidance to consumers or to generate education campaigns and outreach materials.

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What role insurance agents ought to have or might be willing to take is a question requiring further inquiry. They are undoubtedly in the best position to explain the options for coverage to consumers, and in the past, they have ranked high with consumers as their “go-to person” for information about insurance. As was pointed out in the course of this inquiry, however, an increasing number of insurance transactions take place online, without direct engagement between the agent and the insured. Agents may not have the opportunities that they once had for conversation and relationship building. If this is the case, it is all the more necessary for the earthquake preparedness and response community to raise the risk perception of consumers, encourage them to engage in financial preparedness, and motivate them to talk with an insurance agent about their earthquake insurance options.

A Note About Tools for Understanding the Hazard

A feature that might help consumers begin to think more closely about the earthquake hazard and its potential implications for their own home or business is a reliable and easy-to-use, easy-to-understand online hazard tool that allows people to type in an address and see the applicable perils and risk for that location. Examples of such tools at the state level include:

- California’s [MyHazards](#), which conveys an overview of hazards at the given address, as well as recommended actions and links to more information.
- California Earthquake Authority’s [Earthquake risk by county](#).

Many states in the western region have publicly accessible geologic hazard portals; however, most are not designed for ease of use and interpretation by the general public. Such tools include:

- Arizona: [Natural Hazards in Arizona Viewer](#) (AZ Geol. Survey)
- Hawaii: Statewide [GIS Program geoportal](#) (HI Office of Planning)
- Montana: [Geologic Hazards](#) (MT Geol. Survey)
- Nevada: [MyHazards](#) (NV Bureau of Mines & Geology)
- Oregon: [HazVu](#) (DOGAMI)
- Utah: [Geologic Hazards Portal](#) (UT Geol. Survey)
- Washington: [Geo. Info Portal](#) (WA Geol. Survey)
- Washington: [Seattle Hazard Explorer](#) (City of Seattle)
- Wyoming: [Geo Info Portal](#) (WY Geol. Survey)
- [USGS Interactive Quaternary Faults Database](#) (publicly accessible, but not designed for non-specialist use)

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In the private sector, two national online risk-profile tools are:

- The Insurance Information Institute’s Resilience Accelerator, which links to a tool called the [Homeowner Risk Profiler](#) by HazardHub (use is free, but users may subsequently receive commercial offers via email).
- Enterprise’s [Enterprise Portfolio Protect Tool](#), which is intended for inquiries about the risk profiles of affordable housing.

Both tools are easy to use: one need only type in an address to receive a “risk report card” (HazardHub) or a risk score with risk rating, description, recommendations, and links to more information (Enterprise). The results are, however, dependent upon the data used to generate the risk profile, as well as the framework used to interpret them. For example, the HazardHub report card for an address in Olympia, Washington, gave that location a D grade for earthquake risk, highlighting the potential for “moderate/heavy damage.” The Enterprise profiler, meanwhile, rated the same address’s earthquake risk as low and roughly equivalent to the low tornado risk (tornado risk in the HazardHub report was very low).

The National Risk Index:

FEMA’s [National Risk Index for Natural Hazards](#) provides risk scores at a county and Census tract level. This interactive tool is publicly accessible and could be of use to preparedness professionals who educate homeowners and renters about their seismic risks. Such professional guidance may be needed to avoid potential misreading by homeowners and renters, most of whom lack the experience and wider context to interpret risk scores and terms such as “Relatively Moderate” risk.

Conclusions in Summary

Unified messaging. A core objective of CREW’s inquiry into the status of earthquake insurance in the western U.S. was to identify factors, such as regulations, policies, and existing outreach and education efforts, that would need to be taken into account in order to develop unified messaging that can be easily shared or adapted for use in any state or territory. With the noted exception of California, state statutes, policies, and existing outreach messages and information are either absent or broadly similar, so a common approach to messaging is entirely feasible. Moreover, those entities that do furnish information about earthquake insurance to the public tend to focus on the same core concepts. (A difference of note was that one earthquake insurance product, parametric

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insurance, was not available in all states: messaging should therefore either be adapted on this point to suit the particular state or territory, or should mention that this option may not be available everywhere.)

Conflation of objectives and target audiences. A potential issue with the way that information about earthquake insurance is currently conveyed in some disaster preparedness contexts is a lack of selection and focus on a single target audience. For example, all information relevant to the topic of earthquake insurance is presented together in one public-facing document or space, combining messaging aimed at consumers (e.g., advising the reader/viewer to consider purchasing earthquake insurance), with discussion of low uptake rates and other issues that are of interest to an audience of professionals and researchers. The latter type of content tends to highlight obstacles that inhibit the availability and widespread use of disaster insurance. In such a context, the public messaging is unlikely to motivate consumers to ask an insurer about their earthquake insurance options.

Willingness to engage in public education and outreach. A number of those interviewed who currently provide little or no information about earthquake insurance to the public, expressed their willingness to engage in public education and outreach, or at the very least to provide a link to such information on their websites. They indicated that they are more likely to do this if the outreach materials and information are ready-to-hand, because they do not have the time or resources to generate them. In consequence of this inquiry, therefore, CREW has developed a selection of outreach materials and is constructing an information hub that will help connect preparedness and insurance professionals to reliable public information and messaging materials that they can use.

A need for easier access and collaboration. Reliable consumer-oriented information about earthquake insurance is available online if one knows where to look for it. Similarly, a few groups, working in separate contexts, are interested and engaged in grappling with the challenges associated with earthquake insurance as a resilience tool (e.g., availability, low uptake, cost, and high deductibles). Connecting people to available information and facilitating greater mutual awareness among all parties engaged in outreach and other projects related to earthquake insurance could help encourage collaboration, as well as reduce duplication of effort.

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- CREW's survey included cataloguing relevant public information online. Annotated links to this information will be shared via the information hub that CREW is now constructing so that access is quicker and easier for consumers, for those who are in a position to educate consumers about financial preparedness, and for professionals who are researching or seeking to address earthquake insurance issues.
- Through the survey, CREW became aware of the work of a number of groups who are interested in defining and addressing issues associated with earthquake insurance as a resilience tool. These groups operate in separate professional spheres and geographical regions. To facilitate conversation between the groups and other interested stakeholders, CREW will be setting up a communication platform (spring 2022), as well as hosting a one-day earthquake insurance forum in March 2022.

Messaging challenges. As noted above, development of a basic unified message is feasible and relatively straightforward. It is clear, however, that equity and availability challenges do affect both the way that the message must be shaped, and the ultimate objective of a messaging campaign. Not everyone who ought to purchase earthquake insurance can afford it. In states other than California, insurance companies can decline to sell earthquake insurance to a consumer if the company is unwilling to accept the risk. From an earthquake preparedness standpoint, these and other variables reinforce the conclusion that information and messages about earthquake insurance are best linked to, or delivered in the context of, additional financial preparedness and mitigation actions. Should earthquake insurance be out of reach or not suited to a consumer's circumstances, the other financial preparedness and mitigation actions provide alternatives, including a few low-cost preparedness steps. This ensures that messaging promoting earthquake insurance doesn't inadvertently lead some consumers to a preparedness dead end.

- As noted previously, in response to these findings, CREW is constructing a public information hub that is designed to present earthquake insurance and financial preparedness messaging, as well as connect homeowners and renters to existing resources and information online.
- Connected with the public information hub, CREW is constructing a messaging and information resource hub for the use of disaster preparedness and insurance professionals; this hub provides access to ready-made outreach products, annotated links to relevant information and

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resources online, and message recommendations and guidance based on CREW's earthquake insurance inquiry and consultation with insurance and communications professionals.