Lessons for Californians from the Earthquake in Japan

SACRAMENTO – The tragic tsunamis and Magnitude 8.9 earthquake that have struck Japan – the 5th largest quake in the world since 1900 – are a stark reminder: earthquakes can happen any time and it’s essential to prepare, not just for the quake but for what happens after.

“Preparing for earthquakes is critical, not just in California but in all the other seismic regions throughout the United States,” Glenn Pomeroy, CEO of the California Earthquake Authority (CEA) said this morning. “The simple truth is that our country is not adequately prepared for the destruction – and financial devastation – from the “Big One” that strikes closer to home.”

“In California, we have 2/3 of our nation’s earthquake risk and most of us live within 30 miles of a major fault. But just 12 percent of our homes with fire insurance also have earthquake coverage,” said Glenn Pomeroy, chief executive officer of the California Earthquake Authority (CEA). “The devastating earthquakes in Haiti, Chile, Mexico, New Zealand – and now Japan – remind us that earthquakes will strike California. It’s true what experts say, that it is not a matter of ‘if,’ it is a matter of ‘when.’”

“The bottom line is that it’s very hard to imagine how a community would recover from a massive quake, when nearly all the damaged homes are completely uninsured for the loss,” Pomeroy said. “We must do more to prepare for the day when a massive earthquake will strike the U.S., whether in California or some other part of the country.”

Pomeroy sees Christchurch, New Zealand, as a community better prepared for the two big earthquakes that recently rocked that region. “In New Zealand, almost everyone has earthquake insurance on their home. Because of this, Christchurch will recover despite thousands of houses being destroyed in recent months.”

Earthquakes strike without warning. In California, a homeowners policy covers fire loss but doesn’t cover earthquake damage – a separate policy is required. Without earthquake insurance, a California homeowner is out of pocket the full cost of fixing their home. And they’ll continue making mortgage payments while also paying the cost of living and eating elsewhere while their home is repaired.

Earthquake insurance can ease that burden and give Californians the strength to rebuild.

With nearly $10 billion in claim-paying power, the CEA could cover all of its claims if the earthquakes in San Francisco (1906), Loma Prieta (1989) and Northridge (1994) all occurred today. The CEA is not affected by the state budget, and the state can’t take CEA funds.