

Earthquake Issues and Your Deductible

Coastal British Columbia is an area prone to earthquakes with the Lower Mainland and Vancouver Island being especially vulnerable. These areas are home to large population centres and a major earthquake would have a devastating impact on infrastructure, property and the people who live there.

All Insurers in Canada are acutely aware of the serious risks posed by earthquakes in British Columbia, and they have responded by restricting the availability of earthquake coverage in certain areas, increasing the premiums and increasing earthquake deductibles all in an effort to make sure that earthquake coverage will be available and sustainable over the long term.

How do Earthquake deductibles work?

Earthquake deductibles, which are the responsibility of the insured, are typically a percentage of the amount of coverage purchased. For example:

- ✓ Building Value - \$1,000,000
- ✓ Contents - \$800,000
- ✓ Earthquake Deductible – 15% or \$270,000 ($\$1,800,000 \times 15\%$)

In the event of an earthquake, the insured would be responsible for the first \$270,000 of any loss. In a scenario where the property damage or loss was less than \$270,000, the insured would be responsible for 100% of the loss.

It is important to note that wording of the specific Earthquake endorsements can vary from insurer to insurer, and it is critical to read and understand how your insurer's wording applies to your property.

What if I own a condo/strata?

We would recommend that you review your unit-owner policy to ensure that you have an adequate limit of coverage for Deductible Assessment Coverage. This coverage can bridge the gap between your unit-owner policy and the strata policy deductibles should it be assessed against your unit in the event of a claim.