



Renter's Guide to Prepare Financially for Earthquakes

FEMA P-2405 / October 2024



FEMA



I'm a Renter. What Happens When There's an Earthquake?

Earthquakes where you live can cause significant damage and affect you in many ways:

Potential Consequence Of An Earthquake



Injury

A building doesn't have to collapse for you to be injured. Falling objects and broken glass create a dangerous environment.



Damaged Possessions

TVs tip over, dishes break, and hanging decorations fall off the walls.



Loss of Income

You may get fewer work hours and a lower-than-usual paycheck, so you might need other funds to pay your rent and living expenses.



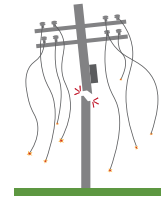
Building Damage

If the building you live in is damaged, you might have to leave and rent temporary housing elsewhere.



Compromised Infrastructure

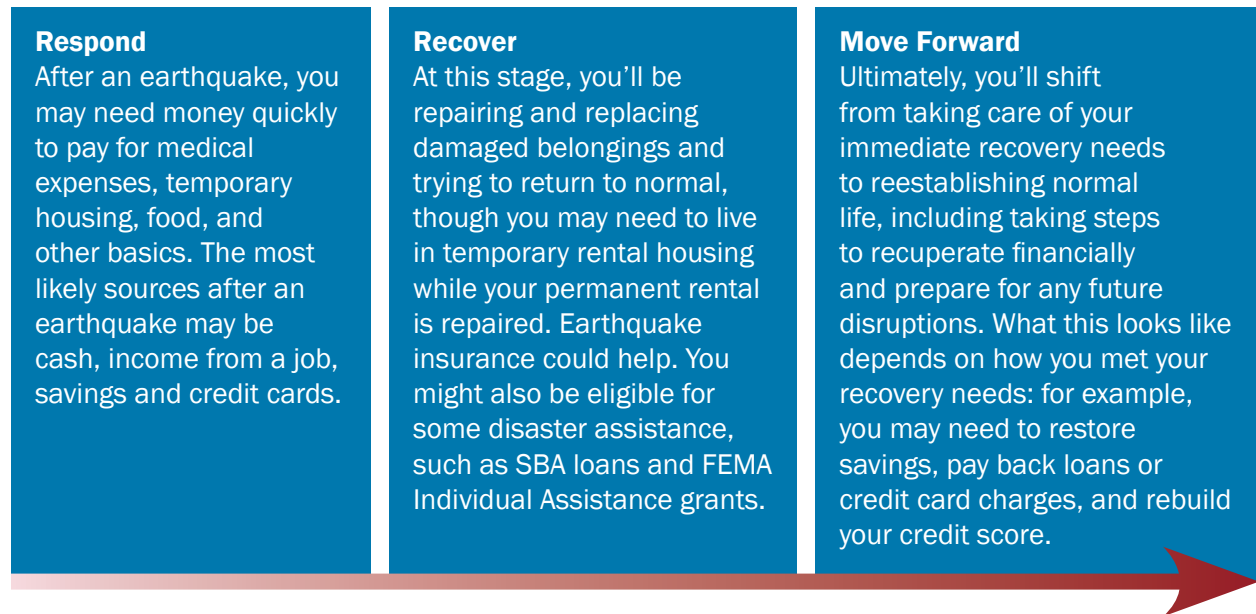
Roads and public transportation may not be operating as usual following an earthquake.



Affected Utilities

If the Power, gas, and water go out, you will not be able go about your daily routines.

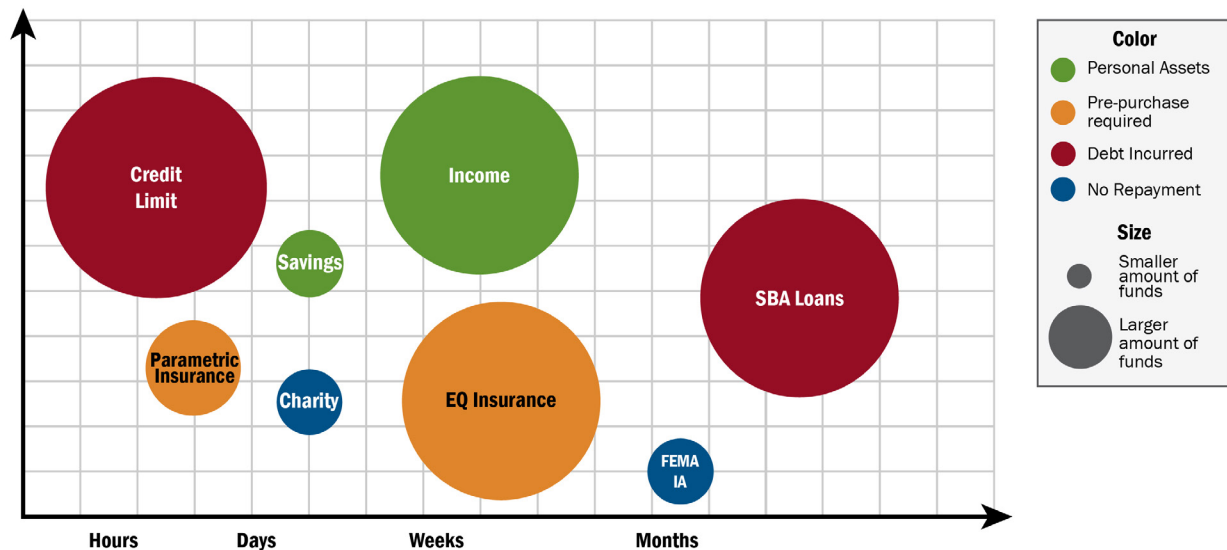
How Will I Pay For My Recovery?



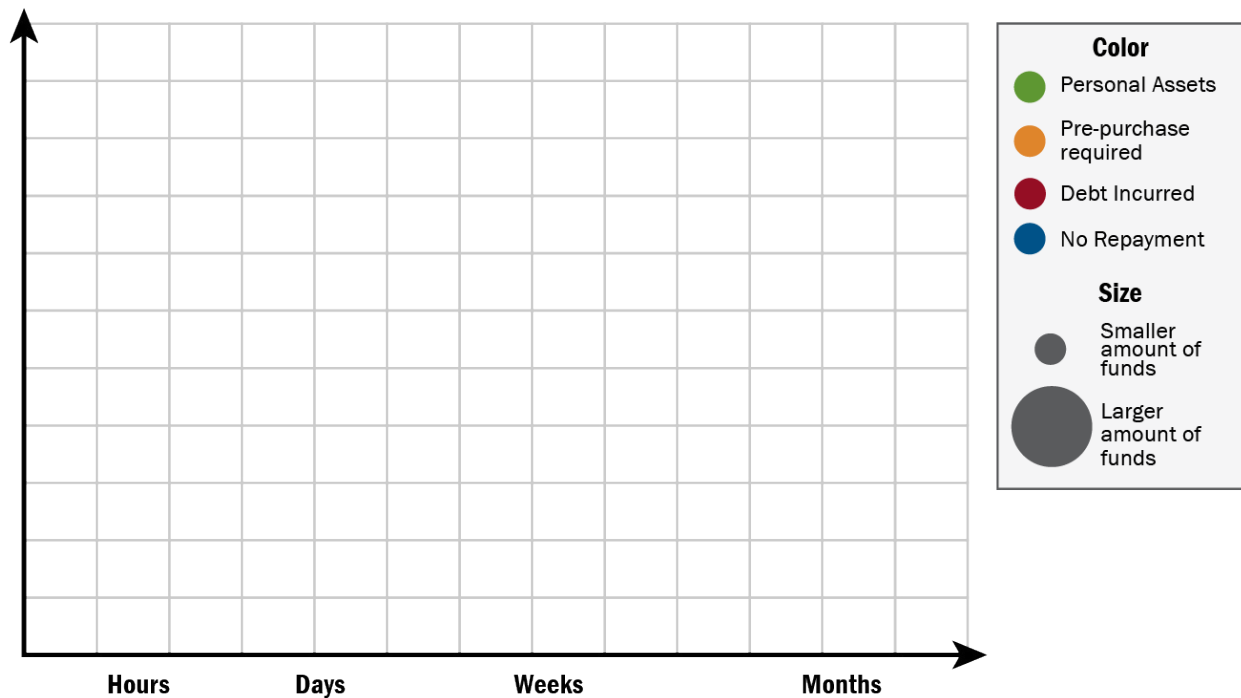
Your Financial Options

When picturing the financial tools that you think you'll use to recover from an earthquake, be realistic. Ask yourself:

- How much money could I get from each?
- How long will I likely have to wait to get the money?
- Do I have to pay back?
- Will I have to pay interest?



DIRECTIONS: Using the blank graph below, sketch in what you think your bubbles might look like.



Personal Assets



- **Savings:** Your personal savings and investments. These funds are typically quick to access.
- **Income:** Money that you receive on a monthly or bi-monthly basis from employment. This could also include government benefits or a pension. Depending on the timing of a disaster, your next paycheck could be weeks away, so these funds are less accessible than savings.
- **Emergency cash:** To the extent you can, it's a good idea to keep some emergency cash in small bills (\$1, \$5 & \$10), because if power is out, ATMs and cash registers will not work.

Check out these helpful links to learn more:

- [Your Disaster Checklist](#)
- [Emergency Financial First Aid Kit](#)
- [Low and No Cost Preparedness](#)
- [CFPB's Guide to Building an Emergency Fund](#)

Insurance

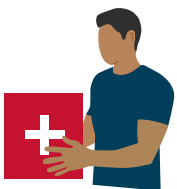


- **Earthquake Insurance:** You can add this as an “endorsement” to your renters policy or purchase a separate earthquake policy. **You must have basic renters insurance in order to add or buy separate coverage for earthquakes.** Policies can usually provide more money for your recovery than most other options, and a renters earthquake insurance policy can provide coverage not only for damage to your belongings, but also for “loss of use” of your living space. Most earthquake policies have a deductible. Ask your agent how the deductible works so you’ll know what to expect from your insurance.
- **Parametric Earthquake Insurance:** Parametric earthquake insurance may also be an option. It pays out a fixed sum if the earthquake meets the parameters defined in the policy. Unlike traditional insurance, parametric insurance doesn’t require a claims adjustment process, so policyholders receive their payments quickly. The money can be used for any post-earthquake expenses, although the payout is typically too low to repair serious earthquake damage.

Check out these helpful links to learn more:

- [A New Option for Disaster Insurance: Parametric](#)
- [Earthquakes Can Drain Your Bank Account](#)

Disaster Assistance



- **FEMA Individual Assistance (IA):** MAY be available to you. [FEMA's Individual Assistance program](#) grants people money to help recover after a presidentially declared disaster. The need and availability of funding determine eligibility. These funds are not guaranteed and may only be a portion of what you need to recover fully.
- **Non-Profits and Charity:** Charitable organizations may provide assistance during a disaster. Services could include food, medical aid, and temporary shelter. However, availability is not guaranteed, and a large disaster has a good chance of overwhelming their capacity.

Check out these helpful links to learn more:

- [Disaster Assistance](#)
- [Eligibility Criteria for FEMA Assistance](#)
- [Individuals and Households Program](#)
- [Programs to Support Disaster Survivors](#)

Debt



- **Credit Cards:** These offer a line of credit that is instantly accessible, but the availability and size depend on credit scores, as well as your credit limits before a disaster, and your interest rate. Repayment of credit card debt is required monthly, and interest is added when the balance is not paid off in full. Incurring expensive credit card debt could put you in a precarious financial situation.
- **Disaster Loans:** [Small Business Administration \(SBA\) disaster loans](#) may be available to renters and can be used to pay for expenses you incur in a disaster. Loans can be of much higher value than credit card borrowing and have a longer repayment term. However, while the debt is spread out, this can burden your finances well into the future.

Check out these helpful links to learn more:

- [Keep an Eye on Your Credit](#)

What Can You Do To Speed Up Recovery?

You can take a few actions today that will make your recovery after an earthquake easier, stronger, and less stressful. Get started by answering a few questions: Use the space below each question to make notes to help you prepare.

Do I Live In An Earthquake-Prone Area?

Take the time to identify potential earthquake hazards that could impact your area, such as liquefaction, surface fault rupture, and earthquake-induced landslides. Visit the [Information by Region](#) page of the USGS Earthquake Hazards Program and visit the website of your state geological survey to determine if you are at risk of earthquakes.

Could An Earthquake Damage My Home?

What Kind Of Building Do I Live In?

Certain types of structures are likely to suffer more earthquake damage than others. Examples of vulnerable buildings include:

- “Soft story” buildings, which have a garage on the first floor.
- Unreinforced masonry buildings (URMs).

Depending on the building codes enforced in your community, newer structures may be more resistant to earthquakes. Older buildings, which predate seismic codes, are typically more resistant if retrofitted for earthquakes.

Considerations:

- See examples of [structural risks](#) on the California Earthquake Authority's website.
- Check out this [video](#) from Seattle for some examples of URMs.
- Ask your local building department about the age of your building.



Home Insurance Paperwork by Mikhail Nilov

Should I Buy Earthquake Insurance?



If you are in an earthquake-prone area and you live in a building that could be damaged, you should consider buying earthquake insurance for renters. Ask yourself:

- What am I most concerned about losing in an earthquake?
- What do I own that could be replaced if damaged? How much will it cost to replace these items?
- What is irreplaceable and needs to be protected from damage?
- If my rental home is damaged, where will I find temporary housing, and how much is it likely to cost?
- How much savings do I have? Am I prepared to spend it on temporary housing, replacing damaged items, and other recovery expenses?

Earthquake insurance could help you pay for recovery expenses such as replacing or repairing your damaged belongings. It could also cover the cost of temporary housing if your rental is damaged and you have to move out.

Earthquake Insurance Can Help Renters Recover

Don't I Already Have Earthquake Insurance In My Renters Policy?

NO, standard renter's insurance does NOT cover earthquake damage. If you want protection for your belongings or temporary housing expenses due to vacating your home, you must purchase earthquake insurance separately. If you don't have insurance, you'll need to be prepared to cover the cost of all damage and recovery expenses yourself. This may include the cost of temporary housing if your building is damaged and you have to move out.

Learn more: [Mind the Gap – Do You Need Earthquake Insurance?](#)

What Kind Of Earthquake Insurance Policies Are There?

Earthquake insurance may be sold as an add on (called an “endorsement”) to your renters policy or as a separate policy.

Parametric earthquake insurance may also be an option. It pays out a fixed sum if the earthquake meets the parameters defined in the policy. Unlike traditional insurance, parametric insurance doesn't require a claims adjustment process, so policyholders receive their payments quickly. The money can be used for any post-earthquake expenses, although the payout is typically too low to repair serious earthquake damage.

Not all companies or options are available in every state that has earthquake hazards. What's available to you?

Learn More: [About Earthquake Insurance.](#)

When Should I Buy Earthquake Insurance?

NOW! After the earthquake happens is too late—the damage is already done. If you renew or add to an existing policy when you are renewing your renter or auto policy, you may be able to get a better rate on your earthquake insurance.

Why Should I Create a Home Inventory?

By documenting your belongings, you'll have a record ready to share with your insurance company if you suffer damage or loss and need to make a claim.

Check out these helpful links to learn more:

- [How to Create a Home Inventory](#)
- [NAIC Home Inventory](#)

Can I Afford Not To Have Earthquake Insurance?

In the weeks following an earthquake, if you don't have insurance, you'll need to be prepared to cover the cost of all damage and recovery expenses yourself. This may include the cost of **temporary housing** if your building is damaged and you have to move out.

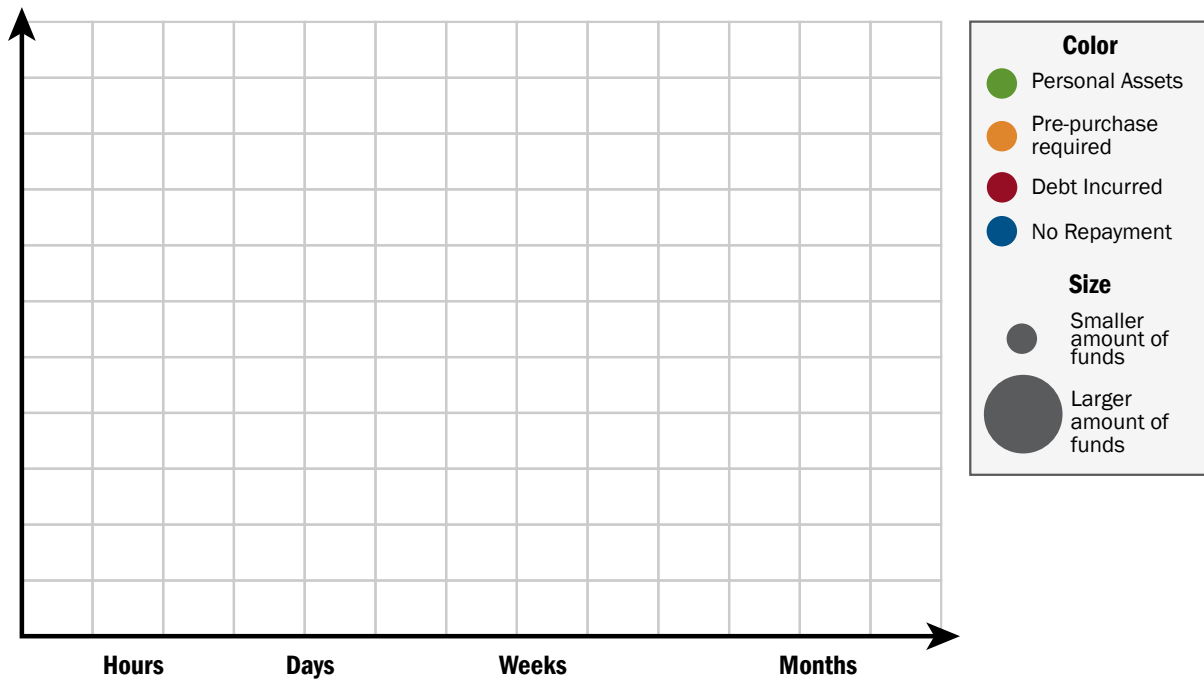
Be aware that there may be very short-term emergency shelter available. But having insurance gives you breathing room to figure out your next steps if you cannot return home.

- How would I cover these costs?
- Where will I live (temporarily) if my building is damaged in an earthquake?
- What if I can't stay with a family member, friend, or neighbor because their building is also damaged?
- Can I afford to move?

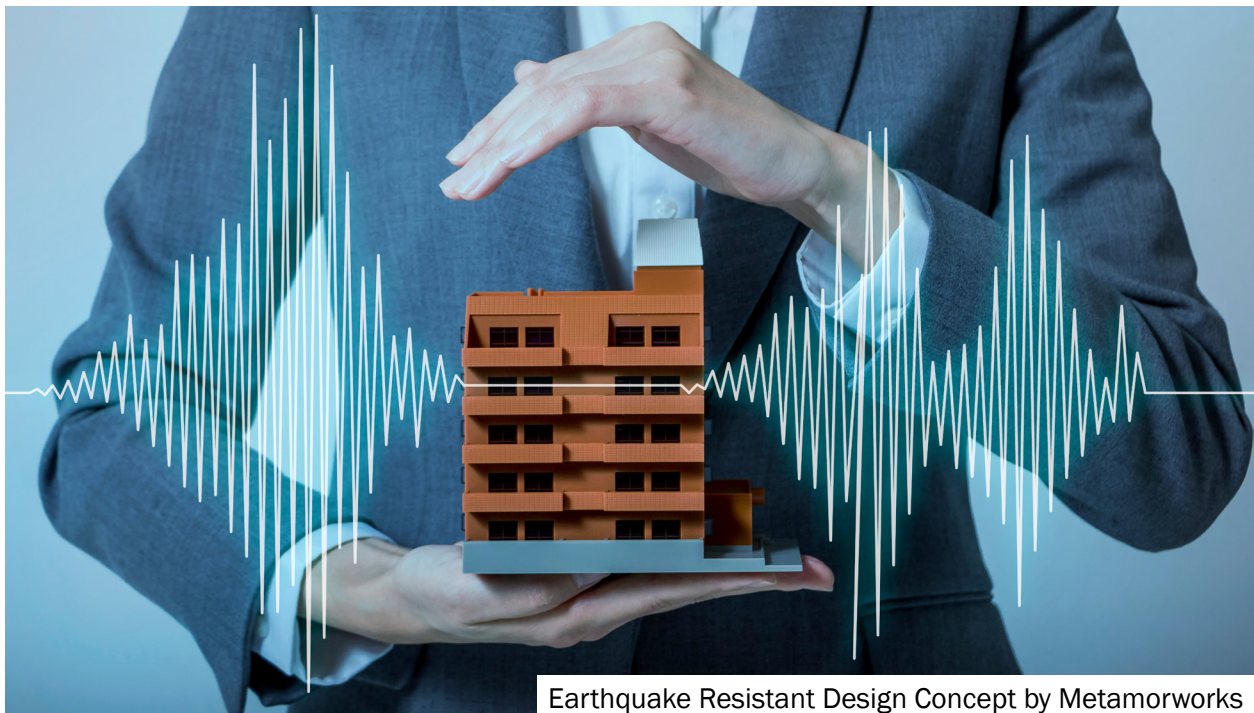
How Can I Find Earthquake Insurance To Match My Needs?

Now that you've thought about your situation and your needs, ask an insurance agent about your earthquake insurance options.

- How is earthquake insurance different than a traditional (renters) policy?
- What earthquake insurance options are available to me and what does each type cost?
- What is the deductible and how does it work?
- What does earthquake insurance for renters cover and what does it exclude?



Now that you've looked at your own situation, would you change your bubbles? And if you're having trouble getting started on your preparedness, take the easiest first step by looking at [Your Disaster Checklist here.](#)



www.fema.gov/earthquake | www.nehrp.gov



FEMA



**INSURANCE
INFORMATION
INSTITUTE**

 Affiliated with The Institutes

