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Make Sure You're Covered in an Earthquake

Jackson – Many experts acknowledge that it is more likely than not that a major earthquake will strike the New Madrid Earthquake Zone (“NMEZ”) within the next 50 years. The southern end of the 200 mile long zone is in Arkansas, about 40 miles from the northwest corner of Mississippi.

According to a 2007 report commissioned by the Federal Emergency Management Agency, if an earthquake with an estimated magnitude of 7.7 were to occur, it would result in over 45,000 buildings in Mississippi (within the NMEZ) sustaining complete to moderate damage. Additionally, it would cause a direct economic loss in the amount of \$9.5 billion.

During Earthquake Awareness Week (January 26th-30th, 2009), Commissioner of Insurance Mike Chaney urges all Mississippians to review their insurance needs with regard to earthquake coverage. He urges all homeowners, particularly those nearby the New Madrid Earthquake Zone, to contact their agents to determine if they are at risk.

Commissioner Chaney also indicated that if it is established that a homeowner is at risk, then the homeowner should give consideration to purchasing an earthquake endorsement policy. He also reminds homeowners that most insurance policies contain an earthquake exclusionary clause.

“People don’t always associate earthquakes and Mississippi. We must accept the very real possibility that the next major natural disaster to strike our state could very well be an earthquake. Prepare now and make sure you are covered. We don’t want history repeating itself regarding coverage in the event of another natural disaster in our state caused by an earthquake,” Chaney said.

Mississippi Insurance Department Regulation 2006-2 requires insurance companies to inform homeowners in writing as to the existence of flood and earthquake exclusions in homeowner policies. Companies are required to include the following language regarding insurance in their renewal notices or with new policies:

“Your policy excludes coverage for any damages caused or precipitated by an earthquake or earth movement. This exclusion generally excludes all damages caused or in any way resulting from an earthquake, earth movements, tremors, and aftershocks, and also excludes earth movement, land shock waves, aftershocks, or tremors before, during or after a volcanic eruption. For further details, please see the language of your policy. The language of the policy will control the obligations of the parties.

You are further advised that to be covered for such a loss, you will have to obtain a separate earthquake endorsement or special earthquake policy. Not all insurance companies provide earthquake coverage. Your insurance agent or company representative can provide you with information on coverage for damage due to an earthquake.”

For information on preparing an all-hazards disaster survival kit and tips for protecting your property against earthquakes, visit the Mississippi Emergency Management website at www.msema.org and click on the “Preparedness” link.

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