



April 11, 2015

INSURANCE DEPARTMENT NOTICE NO. 2015-04

SUBJECT: Earthquake Endorsements to Homeowners Policies

TO: All Insurers Writing Homeowners Insurance Policies in Pennsylvania and Rating Organizations Authorized to File on Their Behalf

FROM: Teresa Miller, Acting Commissioner

Recently, some insurers have asserted that because of an increase in natural gas extraction in Pennsylvania via a process commonly referred to as “fracking,” endorsements should exclude coverage on homeowners policies for earthquakes that are not “naturally occurring.”

Determining with certainty that human activity caused an earthquake is very difficult, and insurance claims by homeowners should not go unpaid during a long and arduous investigative process that will likely uncover no definitive proof linking the earthquake to human activity.

Insurers and rating organizations are therefore instructed that earthquake endorsements that attach to homeowners insurance policies in Pennsylvania should cover all earthquakes, whether believed to be “naturally occurring” or caused by “human activity.”

Insurers with earthquake endorsements already in the marketplace which exclude coverage for earthquakes that are not naturally occurring should not enforce these exclusions, and new endorsements without the exclusionary language should be filed with the Insurance Department no later than July 1, 2015.

Questions regarding this notice may be directed to Mark Lersch, Property and Casualty Bureau Director at (717) 783-2103 or via email at mlersch@pa.gov.