

Insurance fair quake victims

Editor:

Why should all of us foot the bill for Californians who don't have enough sense to insure themselves against the only natural disaster which will surely affect them? That is the question I would be asking myself angrily based on the information presented by the media — were I not a Californian until 10 months ago.

Because I used to live there, I know the rest of the story. For some peculiar reason earthquake insurance can only be obtained in increments of \$100,000 with 10 percent deductible. This means that if you wanted to insure your middle-class, stucco, single-story ranch house worth at least \$250,000, you'd spend several hundred dollars annually for a \$200,000 policy in which you paid the first \$20,000 of damage. While our TV screens have focused on the few homes, buildings and bridges which sustained far more damage than \$20,000, the vast majority of those affected (thousands of LA county residents) suffered a few thousand dollars damage.

The result is that while the damage from recent natural disasters such as Hurricane Andrew and the Midwest floods was shouldered in large part by the insurance companies, insurers are estimating they will only pay out \$2 billion for a quake whose damage estimate is currently about \$30 billion. The rest will be a lifelong tragedy for solvent, uninsured residents and businesses, a major setback for insured ones, and a huge burden on the government for those who show they can't rebuild on their own. And now you know the rest of the story.