

**OKLAHOMA INSURANCE DEPARTMENT
STATE OF OKLAHOMA**

REVISED

EARTHQUAKE INSURANCE BULLETIN NO. PC 2015-02

**TO: ALL PROPERTY & CASUALTY INSURERS LICENSED
IN THE STATE OF OKLAHOMA (collectively,
"addressees")**

RE: Earthquake Insurance, Water Disposal Wells and Fracking

FROM: John D. Doak, Oklahoma Insurance Commissioner

ORIGINAL ISSUE DATE: March 3, 2015

REVISION DATE August 5, 2015

Background

Earlier this year, I issued Bulletin No. PC 2015-02 concerning earthquake insurance. Since that time, significant changes have occurred in the pronouncements of the scientific community as well as the response of the insurance industry to the dispute concerning earthquake causation and “fracking”. This revision of my original bulletin is to clarify the current status of earthquake insurance in Oklahoma and addresses changes to the exclusionary language regarding “man-made” earthquake. All other portions of Bulletin PC-2015-2 remain unaffected.

1. Historic Exclusion of “Man-Made” Damage.

Traditionally, earthquake policies insure against damage resulting from earth movement caused by:

- (a) “natural faulting of land masses” or
- (b) “convulsion of the earth’s surface caused by natural seismic forces” or
- (c) “displacement within the earth’s crust through release of strain associated with ‘tectonic processes’.”

In general, it would be correct to say that the previous generation of earthquake insurance excluded loss due, in whole or part, to any “man-made” cause such as construction, mining, oil and gas exploration and oil production.

2. New Coverage Available

Recently, in response to the flurry of small quakes thought to be related to water injection wells and fracking, the insurance industry has begun offering enhanced earthquake coverage that treats earthquakes caused by water disposal injection wells or hydraulic fracturing as covered events. I will be advising consumers to contact their insurance agent to discuss this broadened coverage.

Please Note: There still exists a lot of misinformation among consumers, producers and adjusters. I expect the industry to train their agents and adjusters in these newer forms.

Questions concerning any aspect of this bulletin should be directed to Deputy Commissioner Mike Rhoads (mike.rhoads@oid.ok.gov) or General Counsel Gordon C. Amini (gordon.amini@oid.ok.gov).