

Earthquake Rates or Loss Costs

Insurance for earthquake loss is offered throughout the United States. The Commercial Earthquake Classifications, Rates and Territories are published in ISO's "Commercial Lines Manual." The rates or loss costs applying to pre-engineered metal buildings will be, in most cases, as low or lower than rates or loss costs for other types of construction. One point to remember, when discussing the subject of earthquakes with your customers, is that different terminology, different classifications of earthquake damage, different earthquake zones, and, in fact, different end results are contemplated by the code authorities and the property insurance carriers. However, this bulletin will be based strictly on property insurance considerations related to earthquake.

There are fifteen (15) Earthquake Building Classifications. Each classification is based on the construction type and, in particular, the construction features that make the building more resistant to or more susceptible to earthquake damage. In addition, there are classifications for special earthquake resistive construction (specific evaluation required), buildings in the course of construction and special structures such as bridges, tanks, greenhouses, etc.

To complicate things further, there are five (5) earthquake zones (many states are in several zones - designated by counties).

When figuring contents rates or loss costs, there are contents grades in each zone, depending on occupancy.

Rather than trying to reproduce the whole manual here, the following table indicates relative rate or loss cost levels for two states for representative construction classes using the highest rate or loss cost zone in each state.

The charts for both areas show that concrete block and pre-cast buildings have rates or loss costs two to over ten times higher than comparable pre-engineered metal buildings.

From these comparisons, you can tell your customers the insurance industry recognizes the superior ability of metal buildings to withstand earthquakes with materially less damage than other types of construction. Even if your customer doesn't plan on carrying earthquake insurance, these rate or loss cost comparisons would seem to indicate that he has a much greater likelihood of still having a building in which to conduct his business after an earthquake, than if he had erected a concrete block or concrete building. This superior earthquake treatment for metal buildings should be an excellent sales tool. Use it!

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Additional Information:

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*Building	Western State		Mid-Western State	
	*Earthquake Bldg. Classification	Bldg. Rate or loss cost (Zone 1)	*Earthquake Bldg. Classification	Bldg. Rate or loss cost (Zone 2)
Metal Building System (One story, maximum 20,000 sq. ft.)	2A	0.080	2A	0.0307
Wood Frame Buildings (Maximum 3 stories and 3,000 sq. ft. ground floor area)	1C	0.080	1C	0.030
Metal Building System (Exceeding 1 story or 20,000 sq. ft.)	2B	0.133	2B	0.049
Steel Frame Buildings (Concrete floor and roof, non-load bearing exterior walls of reinforced masonry) (Note: Buildings having column-free area greater than 2,500 sq. ft. do not qualify)	3A	0.160	3A	0.059
Steel Frame Buildings (Floors and roof of any material and walls of any non-load bearing materials)	3C	0.284	3C	0.088
Reinforced Concrete Buildings (Structural system and floor, roof and walls) (Note: Building having column-free area greater than 2,500 sq. ft. do not qualify)	4A	0.160	4A	0.059
Reinforced Concrete Buildings (Walls of any material)	4B	0.186	4B	0.068
Re-Cast Concrete Buildings (One story)	5A	0.186	5A	0.068
Re-Cast Concrete Buildings (Exceeding one story)	5AA	0.284	5AA	0.097
Concrete Block Buildings (Load bearing walls of hollow masonry construction)	5C	0.840	5C	0.299

* These building descriptions and classifications are from the "Commercial Lines Manual." ISO will perform additional analysis of buildings using the ISO publication, "Guide for Determination of Earthquake Classifications." when specific earthquake classification verification is requested.

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