

Should Orange County, California Residents Rely on Earthquake Insurance – or Government Bailouts?

By: Callahan & Blaine

<http://litigation-update.com>

While the state of [California offers earthquake insurance](#) to residents, many homeowners choose not to buy policies – opting instead to rely on government aid if an earthquake strikes. If you are trying to decide which option is best for you, consider the following:

- If a quake is declared a disaster, the government will provide low interest loans for home repairs through the Small Business Administration. BUT, the loans only go up to \$200,000 and you have to qualify to get one. You also have to pay it back, and even 3% interest adds up over thirty years.
- FEMA (Federal Emergency Management Agency) can provide some emergency funds for low income families who don't qualify for SBA loans. The maximum FEMA payment is \$26,600.
- Even if you qualify, waiting for funds to come through can take a very long time when thousands of other people are affected.
- If you do have earthquake coverage, you can qualify for an SBA loan to pay the deductible on your insurance.

So, for example, if your home is worth \$400,000 and you have earthquake insurance with a 10% deductible, you could borrow \$40,000 to cover the deductible and get \$360,000 free and clear from your insurance company. Without insurance you would have to qualify for a \$200,000 SBA loan, and somehow come up with the money to cover the other half of your loss – while still paying your original mortgage.

About Callahan & Blaine

Efficient and Sophisticated Client Service Focused on Results

Callahan & Blaine's trial practice reflects our firm's commitment to client service and outstanding results across a wide range of litigation problems — business and employment law, corporate

and ownership disputes, and personal injury claims. We've been working toward building the ideal civil trial practice since we opened our doors in 1984. [Contact us](#) in Santa Ana to learn how our approach to dispute resolution can benefit you or your company.

If you do purchase earthquake insurance in California, and your insurance company denies your claim, do what you can to defend your rights. As a litigation firm with a national reputation for aggressively litigating and *consistently winning* complex multi-million dollar cases, Callahan & Blain has developed an expertise in going after the insurance companies – and making them pay. After the Northridge earthquakes, our attorneys were able to obtain \$800,000 in coverage for a client who had been [denied coverage for her claims](#).

If your insurance claim has been denied, [contact the lawyers of Callahan& Blaine](#) for expert legal assistance.