



NW Insurance Council

Consumer Alert

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Landslides: If your home or business is at risk, you need special coverage

What to Know

- *Damage from landslides, mudflow and sinkholes is **not** covered by standard Homeowners or Business Owners insurance policies, but additional coverage, typically called a Difference in Conditions policy, is available in most areas.*
- *Wondering where to get a Difference in Conditions policy in your state? Call your insurance company representative or agent or check with your state's Department of Insurance.*
- *The cost of coverage for earth movement varies and depends on the risk level associated with the location and the replacement cost of the structure.*

PORTLAND, OR, January 27, 2022 – A home or business located above, below or on a hillside, steep slope or cliff may be at risk of damage from landslide or mudflow, especially in areas that receive heavy and frequent rainfall. If you own property in a landslide-prone area, it's important to know that standard home and business insurance policies do not include coverage for earth movement, but additional coverage is available at varying costs.

As with all of your insurance policies, understanding what is and what is not covered is a key first step toward protecting your property before a disaster strikes.

“Earth movement, like mudflow and sinkholes – and especially landslides - are more common in the Northwest than people realize, and as we’ve seen in the Puget Sound region in recent weeks, they can be deadly and financially devastating when they happen,” said NW Insurance Council President Kenton Brine. “Insurance to recover from earth movement can be expensive, depending on your risk and the value of your home, but without it, homeowners risk financial ruin.”

A policy called “Difference in Conditions” (DIC) can be purchased from a specialty lines broker or surplus-lines carrier as a stand-alone policy and includes coverage for landslide, mudflow, earthquake and flood – catastrophic events not covered by standard home and business policies.

A DIC policy can cost several hundred to a few thousand dollars a year, depending on risk factors such as the slope of the property, proximity to a bluff, history of earth movement on or near the property and the type and size of construction on the property. As an example, a homeowner with a \$300,000 house could pay \$1,000 per year for this coverage in addition to the cost of a standard home or business owners policy.

Also, deductibles for a DIC policy are based on a percentage – generally ranging from one percent to 20 percent – of the replacement cost of your home or business rather than a fixed dollar amount. If the cost to replace a home is \$300,000 and the DIC deductible is five percent, the homeowner will pay \$15,000 out of pocket before the DIC policy kicks in.

Insuring landslides/earth movement can be challenging because it’s an uncommon peril that is unpredictable and typically causes devastating damage. If earth movement were included in all standard homeowners or business owners’ policies, the premiums would become too costly for the average home and business owner.

If you are unsure where to find a DIC policy in your state, check with your insurance company representative or agent, or [your state's Insurance Department](#) for information. And make sure to complete and maintain a home inventory of all your possessions and create a family evacuation plan before a disaster strikes.

For more information about Property & Casualty insurance, contact [NW Insurance Council](#) at (800) 664-4942.

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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