



**OKLAHOMA INSURANCE DEPARTMENT COMMISSIONER JOHN D. DOAK**

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**BULLETIN NO. PC 2015-04**

TO: ALL PROPERTY AND CASUALTY INSURERS

RE: EARTHQUAKE INSURANCE

FROM: JOHN D. DOAK, OKLAHOMA INSURANCE COMMISSIONER

DATE: OCTOBER 20, 2015

**PLEASE NOTE: The Department has no authority to direct companies to provide earthquake insurance or to cover certain types of quakes. It is simply requiring companies to clarify the issue of coverage by furnishing written notice to insureds and producers.**

In response to the flurry of small quakes experienced by Oklahomans since 2009, many consumers have become interested in earthquake insurance. The large number of small earthquakes has generated a high volume of inquiries from consumers and the media. It is now obvious to the Department that earthquake policy language, in certain cases, may be ambiguous as to the coverage afforded. We have made this determination based upon the questions received and the variety of insuring clauses, exclusions, and exceptions to exclusions utilized by companies to provide earthquake coverage.

Historically, earthquake insurance has excluded earth movement resulting from human activities such as mining, explosives and oil and gas exploration. The Oklahoma Geological Survey has determined that the majority of the numerous quakes experienced by Oklahomans are, "more than likely, the result of waste water injection

into disposal wells.” For purposes of this bulletin, we will refer to oil and gas exploration and production activities generically, as “Fracking”.

In response to individual experience with the flurry of quakes, the media coverage and announcements by the Governor and Corporation Commission, many consumers have inquired about earthquake insurance, only to discover that man-made earthquakes, in some instances, are not covered.

Companies writing earthquake insurance in Oklahoma have reacted in various ways. Some have amended their policy forms to cover damage resulting from Fracking. Others have simply been waiving the man-made exclusion. A third group still excludes Fracking induced quakes.

In an effort to provide consumers with clarity regarding the coverage provided for quakes resulting from, or arguably resulting from Fracking, all companies which provide insurance coverage for earthquakes are hereby required to furnish a “clarifying notice” to Oklahoma policyholders and any licensed producers authorized by the company to sell such coverage. Such notice must be provided as soon as reasonably possible, but in any event within 45 days following the date of this Bulletin. The notice must contain, in substance, the following information:

#### *EARTHQUAKES RESULTING FROM OIL AND GAS ACTIVITIES*

*Subject to all policy provisions, the coverage provided by this policy (IS) or (IS NOT) intended to cover earthquake damage resulting from:*

- a. extracting oil or gas from below the earth's surface by any process, including but not limited to hydraulic fracturing or drilling; or*
- b. injecting or inserting any substance, including but not limited to, water and wastewater, below the earth's surface for any purpose; or*
- c. storage of any substance, including but not limited to, water and wastewater below the earth's surface for any purpose; or*
- d. any combination of a. - c. above.*

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