

# IT COULD HAPPEN TODAY

Village Green Homeowners Association

Los Angeles

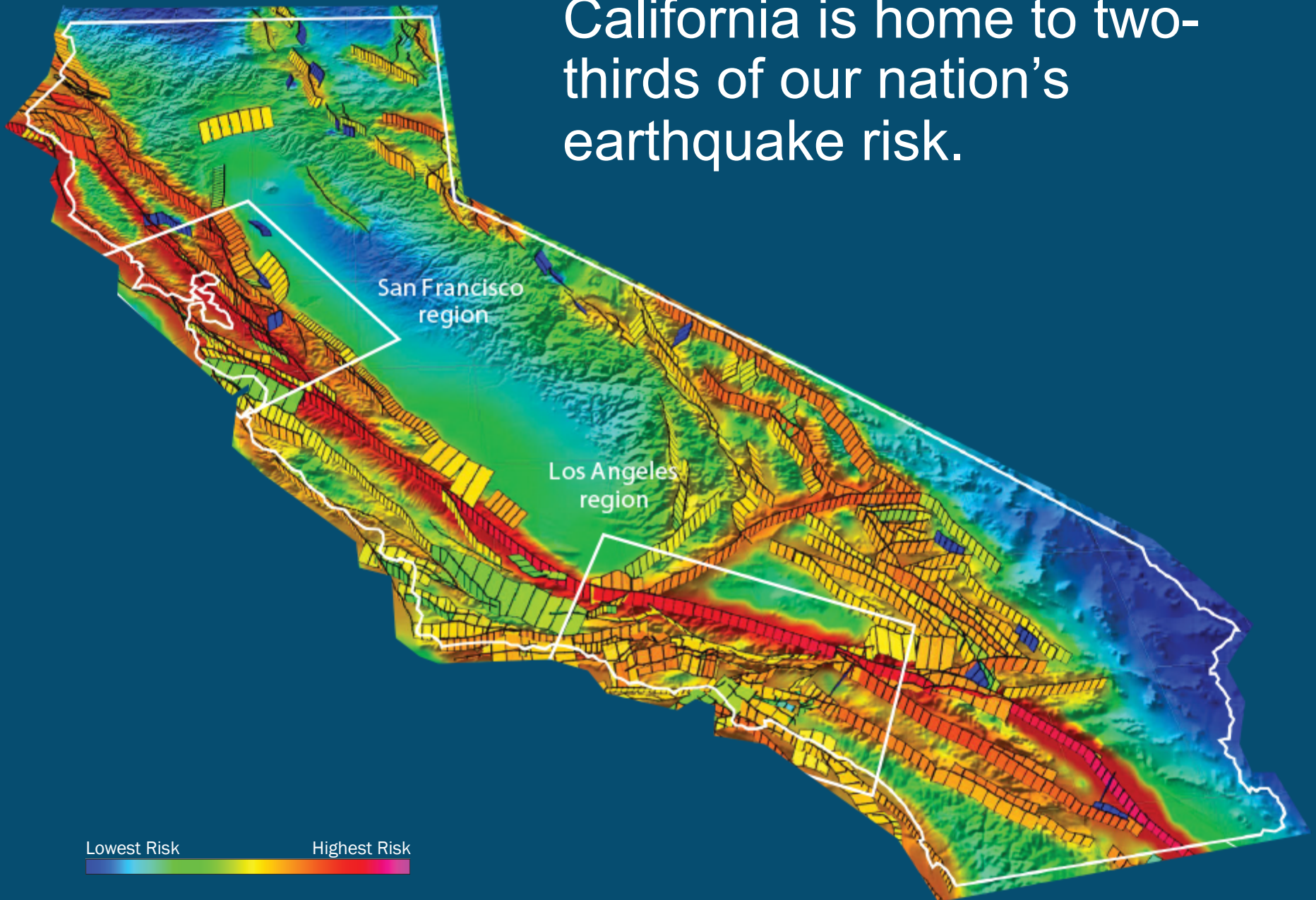
September 15, 2018

Mark Toohey

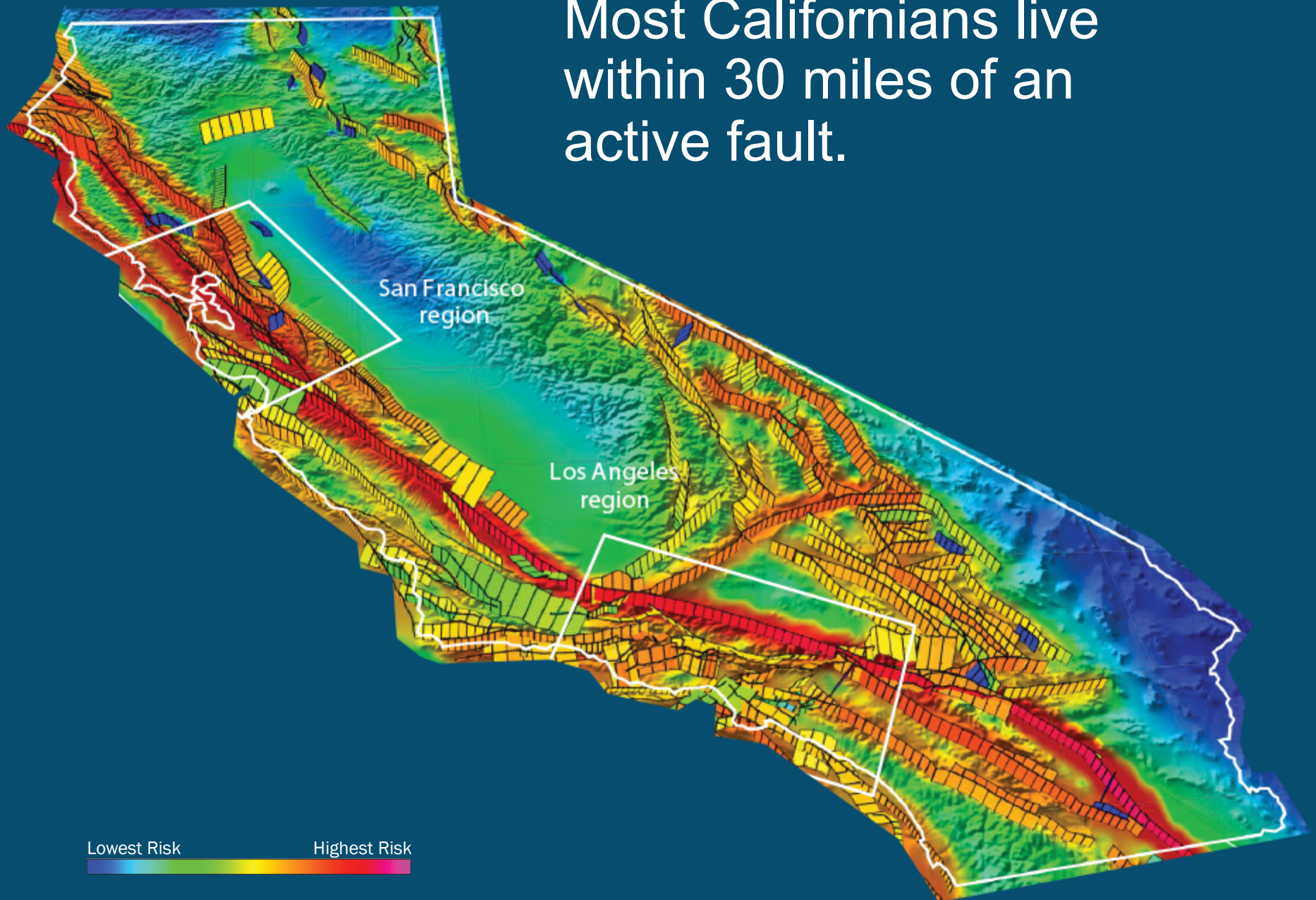
Civic Group and Community Liaison, CEA



California is home to two-thirds of our nation's earthquake risk.

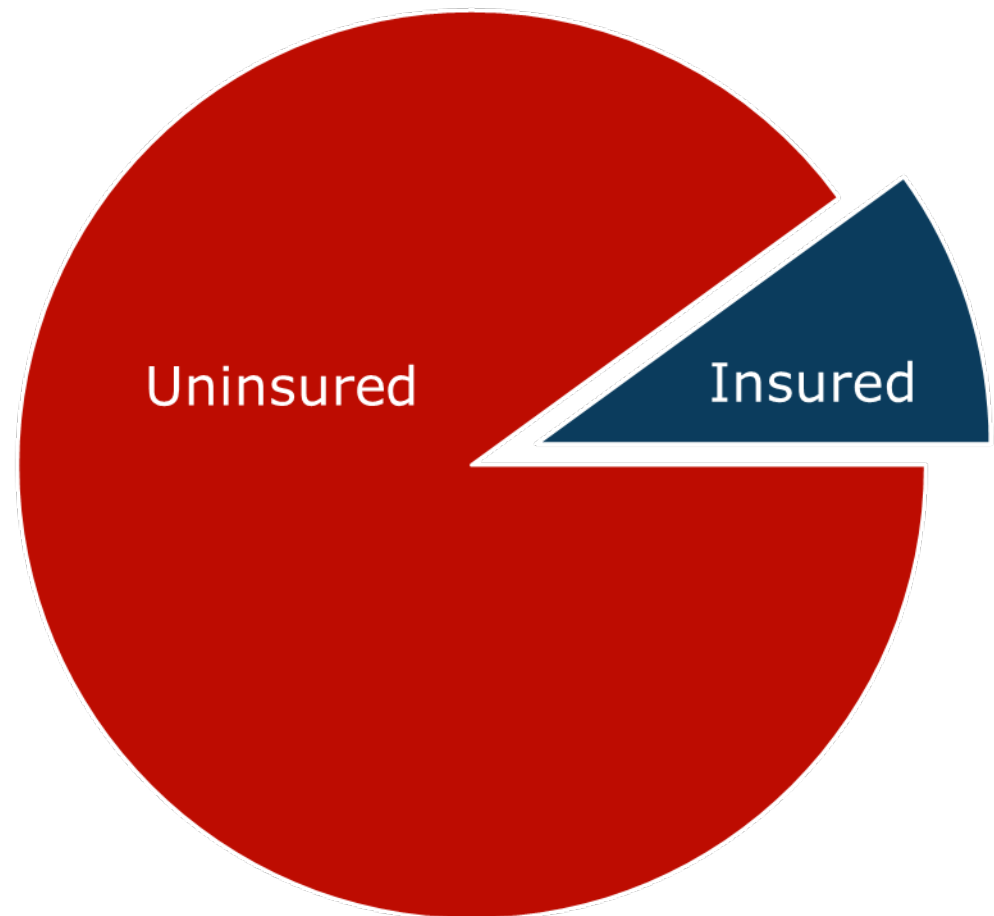


Most Californians live within 30 miles of an active fault.



**MOST  
CALIFORNIANS  
DO NOT HAVE  
EARTHQUAKE  
INSURANCE**

Less than 10% of our  
homes are covered



14 million California  
households





**THE STRENGTH  
TO REBUILD®**

[EarthquakeAuthority.com](http://EarthquakeAuthority.com)

# 5 THINGS TO KNOW

RISK | BENEFIT | CEA | UPDATES |  
CHOICE  
EARTHQUAKE RISK

# 1

## RISK

The risk is real.

99% chance of a M6.7  
or larger earthquake  
sometime in the next  
30 years

Actually greater than 99%



75% chance of a M7.0  
or larger earthquake  
in Southern California

3 times greater than Northridge

[illegible]

# 2

BENE  
FIT

So is the benefit of  
earthquake insurance.

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## MYTH:

“The government will bail me out.”

## FACT:

Government assistance, if available, is limited to urgent health and safety needs.

*Government loans must be repaid.*



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## MYTH:

“My residential policy will cover me for earthquakes.”

## FACT:

Earthquakes are not covered under a residential policy.

*A separate earthquake policy is required.*

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## MYTH:

“Earthquake insurance costs too much, provides too little coverage and the deductible is too high.”

## FACT:

CEA has dramatically lowered rates, expanded coverage choices and now offers a wide range of deductible options.

*Use the CEA Premium Calculator for a free estimate that best meets your needs and budget.*

# 3

## CEA

CEA is a  
not-for-profit residential  
earthquake insurer.

# CALIFOR NIA: MANDATORY OFFER LAW



Earthquake coverage is excluded from homeowners insurance policy

However, insurance companies are required to offer a separate earthquake insurance policy at time of homeowner policy sale.



# CEA: ESTABLISHED IN THE WAKE OF NORTHRIDGE

January 17, 1994



# 1994: NORTHRIDGE E EARTHQUAKE E



Total Property Damage

➤ \$40 Billion

Residential

➤➤ \$20 Billion

Insured Residential

➤➤➤ \$10 Billion

## Aftermath

Most insurance companies stopped writing Homeowners insurance



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TO REBUILD®**





# PUBLICLY MANAGED • PRIVATELY FINANCED

A not-for-profit provider of residential earthquake insurance

## **GOVERNING BOARD:**

Governor

Insurance Commissioner

State Treasurer

Non Voting:

Assembly Speaker and Senate Rules Chair

## **PRIVATELY FINANCED:**

1,047,000 Policyholders

## **MISSION:**

Educate

Mitigate

Insure

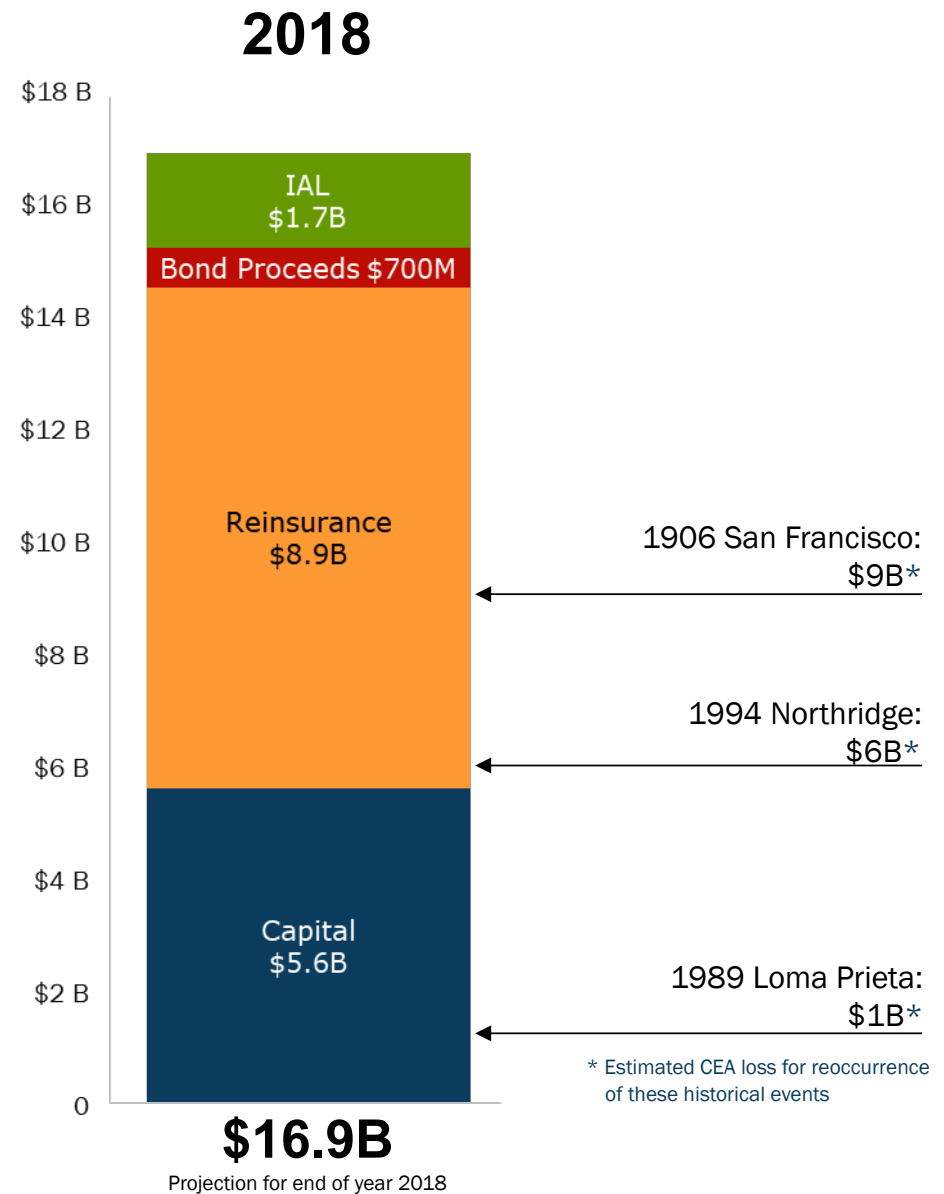


# CEA FINANCIAL STRENGTH

Rated as A- (Excellent) by A.M. Best Co.

CLAIM-PAYING  
CAPACITY:

**\$16.9  
Billion**



# 4

## UPDATES

Lower rates

Wide range of coverage  
& deductible options

Discount for retrofitting  
older homes

OVER THE  
LAST 20  
YEARS...

Housing reconstruction costs  
have **increased** by 170%...



CEA has **lowered** its rates by  
55%



Without these rate reductions,  
the average CEA premium  
would be more than twice as  
high as it is today.

# TODAY: A NEW CEA

## Product Enhancements

### “Mini-Policy”

### Today’s CEA options

Structure	Replacement Cost	Replacement Cost
Personal Property Coverage	\$5,000	Up to \$200,000
Deductible	15%	5%, 10%, 15%, 20%, 25%
Loss of Use Coverage additional living expenses	\$1,500	Up to \$100,000
Mitigation Discount	0%	Up to 20%

Policyholders are not required to pay the deductible to receive their claim payment

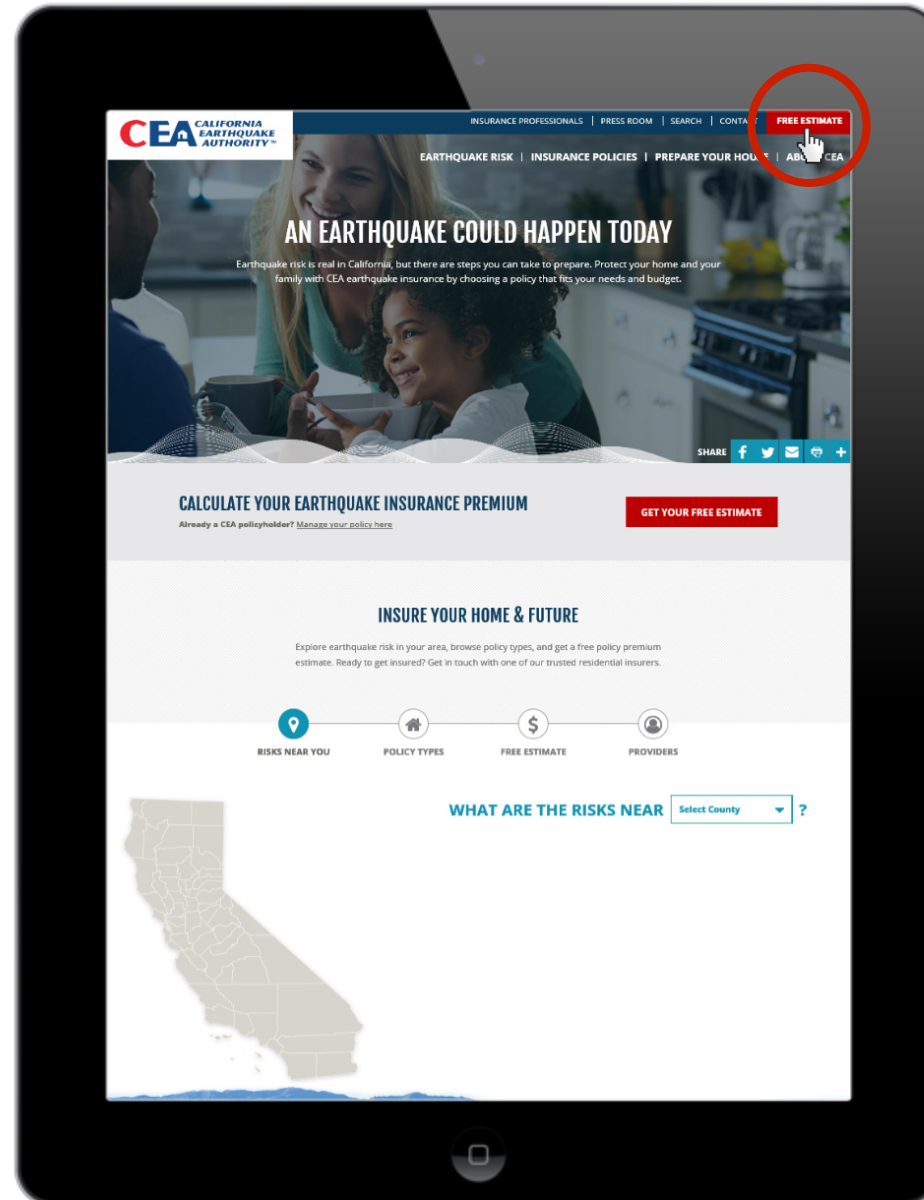
Loss of Use never has a deductible

# 5 CHOICE

Now Californians can choose the earthquake policies that meet their needs and budget.

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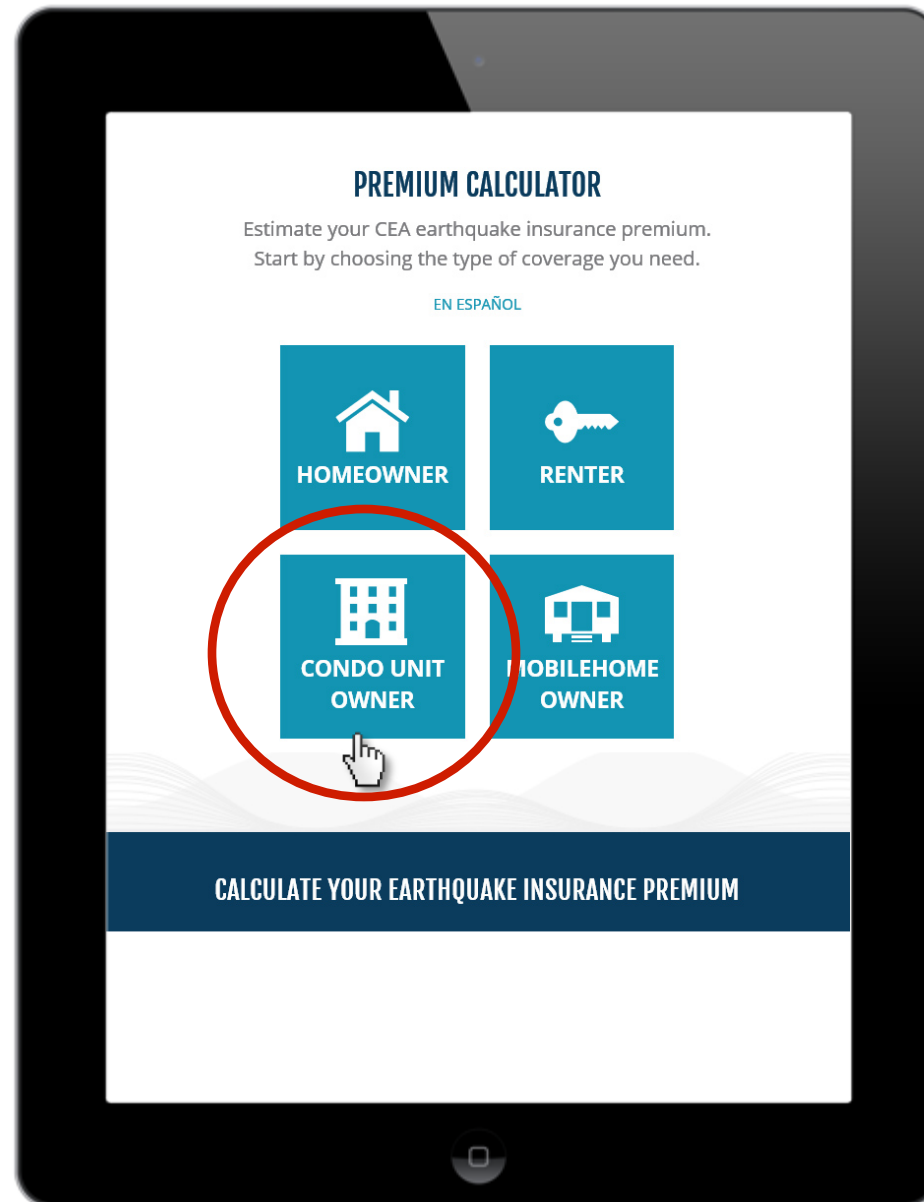
## Premium Calculator





# EarthquakeAuthority.com

## Premium Calculator

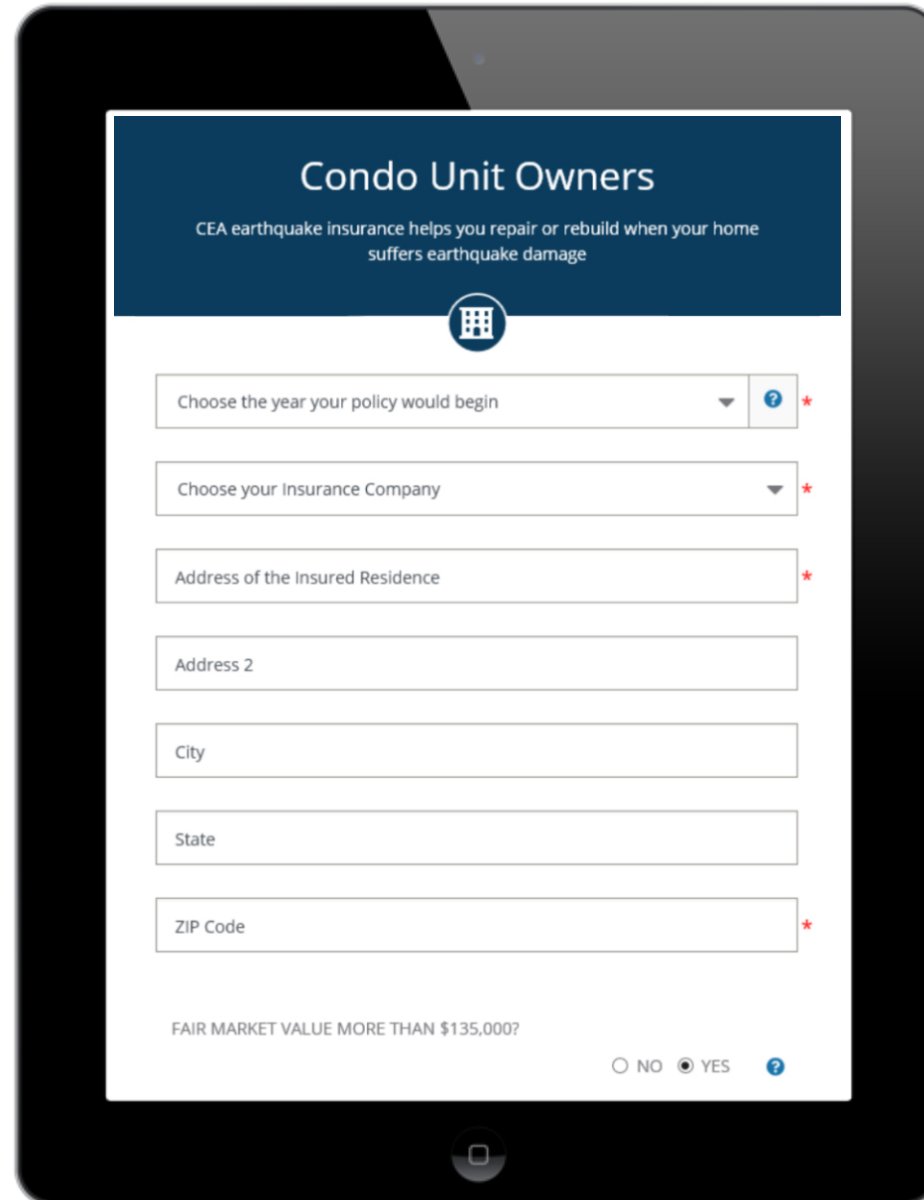


# EarthquakeAuthority.com

Premium Calculator

## Los Angeles Condo Example

ZIP: 90016



The image shows a tablet with a form titled "Condo Unit Owners". The form is for a premium calculator and includes the following fields and options:

- Title:** Condo Unit Owners
- Description:** CEA earthquake insurance helps you repair or rebuild when your home suffers earthquake damage
- Icon:** A circular icon with a building facade.
- Fields:**
  - Choose the year your policy would begin (dropdown menu, required)
  - Choose your Insurance Company (dropdown menu, required)
  - Address of the Insured Residence (text input, required)
  - Address 2 (text input)
  - City (text input)
  - State (text input)
  - ZIP Code (text input, required)
- Question:** FAIR MARKET VALUE MORE THAN \$135,000?
- Options:** ☐ NO, ☒ YES (with a help icon)

# EarthquakeAuthority.com

## Premium Calculator

**Premium: \$682/year**

**Deductible: 15%**

**Condo Owners**  
ZIP Code: 90016  
Effective Policy Start: 2018

**\$56.83**  
Estimated Monthly Premium  
Annual Premium: \$682.00

SELECT YOUR BUILDING PROPERTY LIMIT: \$50,000

NONE ————— 100K

SELECT YOUR BUILDING PROPERTY DEDUCTIBLE: 15%

25% ————— 5%

HOW MUCH PERSONAL PROPERTY COVERAGE WOULD YOU LIKE?: \$5,000

NONE ————— 200K

SELECT YOUR PERSONAL PROPERTY DEDUCTIBLE: 15%

25% ————— 5%

WOULD YOU LIKE TO ADD COVERAGE FOR BREAKAGE ITEMS? ☒ NO ☐ YES

HOW MUCH LOSS-OF-USE COVERAGE WOULD YOU LIKE?: \$1,500

NONE ————— 100K

HOW MUCH LOSS ASSESSMENT COVERAGE IS NEEDED: \$50,000

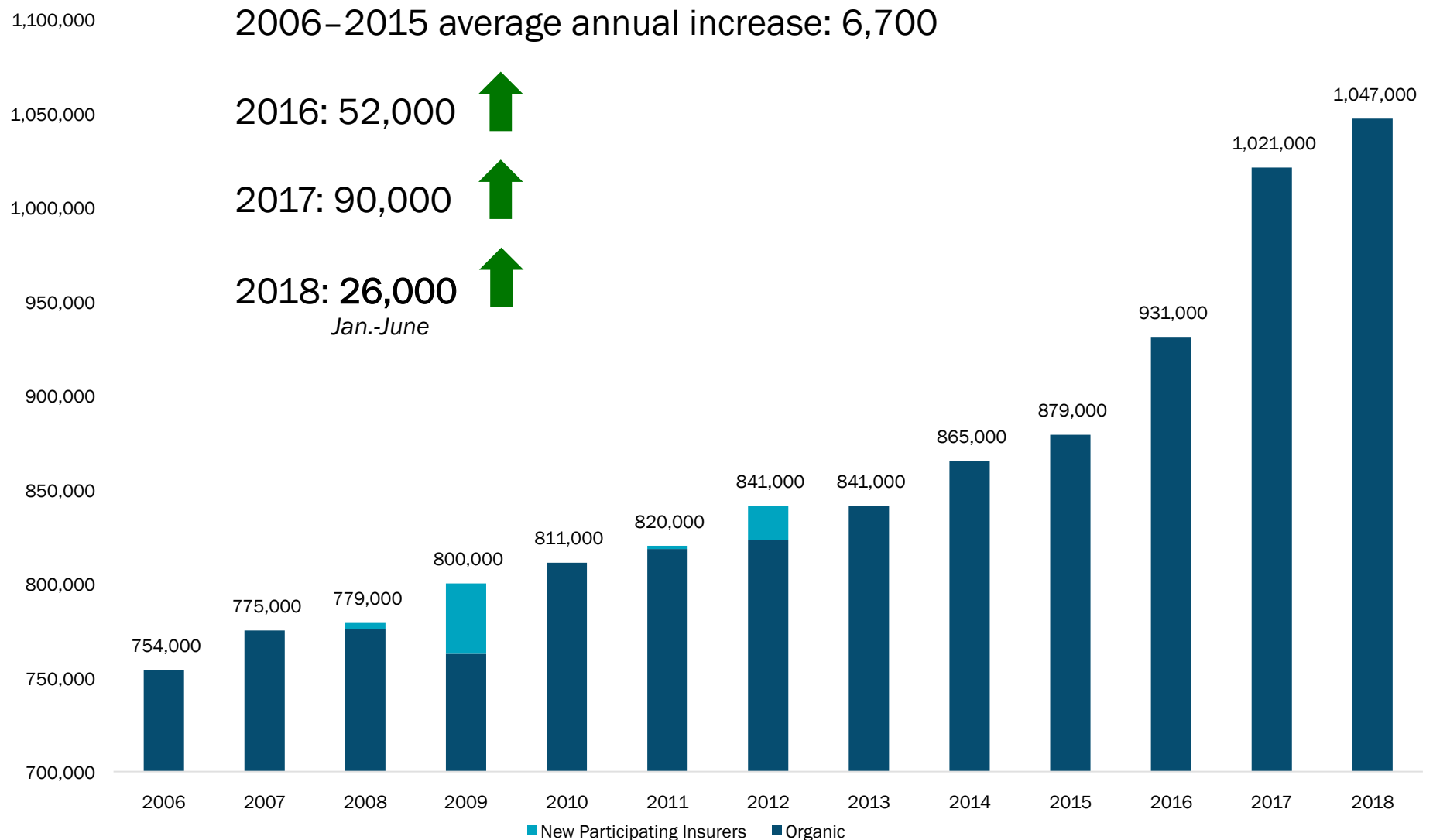
NONE ————— 100K

SELECT YOUR LOSS ASSESSMENT DEDUCTIBLE: 15%

25% ————— 5%

**← BACK** **CANCEL ESTIMATE**  
**DOWNLOAD OR PRINT** **ADD TO COMPARE ESTIMATES**

# MORE CALIFORNIANS CHOOSING CEA



# 1 RISK

## 2 BENEFIT

### 3 CEA

#### 4 UPDATES

##### 5 CHOICE

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So is the benefit of earthquake insurance.

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Lower rates  
Wide range of coverage & deductible options  
Discount for retrofitting older homes

Now Californians can choose the earthquake policies that meet their needs and budget.

# CONTACT YOUR

# AGENT



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A photograph of a modern, multi-story house at dusk. The house has large windows and a balcony. The interior lights are on, and the sky is a deep orange and grey. A bird is flying in the sky on the right side.

It could happen today.

**CEA** CALIFORNIA  
EARTHQUAKE  
AUTHORITY™

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