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CALIFORNIA EARTHQUAKE AUTHORITY (CEA) AT-A-GLANCE

Provides earthquake insurance to California consumers

The California Earthquake Authority is a publicly managed, largely privately funded organization that provides catastrophe residential earthquake insurance and encourages Californians to reduce their risk of earthquake loss.

Created to resolve a market crisis

In January 1994, a 6.7-magnitude earthquake struck California's San Fernando Valley. It was the costliest earthquake in U.S. history. By January 1995, insurers representing more than 93 percent of the homeowners insurance market in California severely restricted—or refused to write altogether—new homeowners policies. This triggered a crisis that by mid-1996 seriously threatened the vitality of the state's housing market, prompting California to establish the CEA in 1996.

Managed by state government leaders

The CEA is governed by a board of publicly elected officials. California's governor, insurance commissioner and state treasurer are the governing board's voting members; they are joined by two non-voting members, the chair of the Senate Rules Committee and the speaker of the California Assembly.

Sells policies through participating insurance companies

Homeowners, owners of manufactured homes (mobilehome owners), condominium owners and renters who wish to purchase CEA insurance can do so only through the CEA's participating insurance companies. They are ACA Insurance, Allstate Insurance, Armed Forces Insurance Exchange, Automobile Club of Southern California, California FAIR Plan, California State Automobile Association, Commerce West, Encompass, Farmers Insurance Group, Foremost Insurance Group, Golden Eagle Insurance, Homesite, Liberty Mutual, Mercury Insurance Group, Safeco Insurance, State Farm Insurance and USAA.

CEA is largest residential earthquake insurer

The CEA has approximately 800,000 policies in force, representing about 70 percent of all residential earthquake insurance policies sold in California.

Delivers financial strength—independent of the state budget

The CEA has more than \$9 billion in claim-paying capacity. State budget issues have no impact on the CEA's ability to pay claims because the CEA, as a privately financed entity, receives no money through the state budget. Policy premiums, investment income, authority to assess its participating insurers, and reinsurance allow the CEA to operate and pay claims. A.M. Best Co., the world's oldest and most authoritative rating agency of insurance companies, has rated the CEA's financial strength at A- (Excellent).

Rates based on science, not profit

By law, CEA rates must allow the CEA to remain financially sound and able to pay its covered claims, and its rates must be based on the best available science for assessing earthquake risk.

The Chief Executive Officer of CEA is Glenn Pomeroy.

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