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**BACKGROUND INFORMATION**  
**THE GREAT CALIFORNIA SHAKEOUT**  
**Beyond the Drill—Residential Recovery**

**Homeowners insurance does not cover earthquake damage**

About 87 percent of residential policyholders in California choose not to insure themselves against the risk of earthquakes. Residential homeowners insurance **does not** cover damage to your house from an earthquake—a separate policy is required. People without earthquake insurance are still responsible for their mortgage payments, costs associated with living outside their home as well as repairing damage to their structures after an earthquake has occurred.

**CEA has capacity to cover its policyholders' claims in a large earthquake**

The CEA has a claim-paying capacity of more than \$9 billion. CEA can fully cover policyholders, even if another San Francisco 1906 and Northridge earthquakes were to occur at the same time.

**FEMA funding not enough to replace structure**

The FEMA program may grant individuals, as of 2007, \$28,800 per household, with a limit of \$5,000 for structural repairs and \$23,800 for immediate needs. Residential policyholders with earthquake insurance still may qualify for FEMA assistance under certain conditions.

**SBA loans must be repaid**

The Small Business Administration (SBA) provides low-interest disaster loans to homeowners and renters to repair or replace real estate and personal property damaged in a disaster declared by the President. The maximum SBA loan to repair a structure, however, is \$200,000, and the maximum loan to repair or replace personal property is \$40,000. SBA loans must be repaid in addition to the original mortgage or other loan payments pertaining to the damaged property. Persons with earthquake insurance may qualify for SBA loans under certain conditions.

**The 2009 ShakeOut and the CEA**

The 2009 Great California ShakeOut is the first-ever statewide earthquake drill and is organized to inspire Californians to get ready for the inevitable. The CEA is excited to partner with the ShakeOut to help people learn how to prepare, protect and recover from earthquakes, both physically and financially. As of September 24, 2009, more than five million people are signed up statewide to participate.

The ShakeOut occurs on October 15, 2009, at 10:15 a.m. (10/15 at 10:15). The drill will occur in houses, schools, businesses and other public spaces throughout the state. In Southern California, participants will follow the same scenario as in 2008's Great Southern California ShakeOut, a scenario based on a potential magnitude 7.8 earthquake on the southern San Andreas Fault—that magnitude is the same as the May 2008 Great Sichuan Earthquake in China, but estimated damage to California's built environment would be less because of different conditions in the United States (e.g., stricter building codes and code enforcement). In the rest of the state, participants will drop, cover and hold on as they follow their own scenarios of varying intensity earthquakes.

Full information about ShakeOut activities can be found at [www.shakeout.org](http://www.shakeout.org), and additional information on earthquake preparedness and purchasing a residential earthquake insurance policy can be found at [www.EarthquakeAuthority.com](http://www.EarthquakeAuthority.com).