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California Earthquake Authority Proposes to Expand Coverages and Decrease Rates
Lower deductibles and higher retrofit discounts featured

(SACRAMENTO) The not-for-profit California Earthquake Authority (CEA), which provides about 75 percent of the residential earthquake insurance in California, today proposed more policy enhancements and an average 8 percent decrease in rates.

Pending CEA Governing Board and regulatory approvals, CEA's new proposal to expand coverages and lower rates would begin to take effect January 1, 2016.

"We want to help more Californians protect their household finances from the unpredictable and potentially huge costs of serious earthquake damage," said CEA CEO Glenn Pomeroy. "Helping our policyholders manage their insurance coverages and premium is a top priority for us."

CEA has about 856,000 policyholders. But just 10 percent of California households with home insurance also have the separate policy needed to cover earthquake damage.

With the current proposal, CEA would expand customers' choice of deductibles (the difference between covered damage and the CEA claim payment) from the present 10 or 15 percent to a fuller range: 5, 10, 15, 20, or 25 percent, for all policy types. CEA does not impose an out-of-pocket deductible-payment obligation on its policyholders.

CEA is also proposing a new, higher hazard-mitigation premium discount of 10 to 20 percent for homeowners. The higher discounts would be subject to verification of a retrofit done in accordance with applicable standards. CEA's current 5 percent retrofit discount still would be offered for new and renewal policyholders who do not verify a retrofit.

Other proposed coverage enhancements include higher sublimits for energy-efficient properties, chimneys, and glass breakage, as well as higher limits for personal property and (still at no deductible) Loss of Use/Additional Living Expense coverages.

"The August magnitude-6.0 South Napa earthquake, which struck a region where only 6 percent of homeowners had earthquake insurance, underscores the important need to acquaint more Californians with the role earthquake insurance can play in their post-quake recovery," Pomeroy said.

CEA's Advisory Panel today recommended these proposed policy enhancements and rate decreases to the CEA Governing Board, which next meets in December. Board approval would move the proposals forward for regulatory consideration by the California Department of Insurance.

The CEA is a publicly managed, privately funded, not-for-profit organization that provides residential earthquake insurance and works to help encourage all Californians to take steps to reduce their risk of earthquake loss.

CEA earthquake insurance is sold through CEA participating insurance companies. For those interested in purchasing a CEA policy, visit CaliforniaRocks.com for a list of CEA participating insurance companies and to get a no-obligation premium estimate.

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