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CEA reports increase in earthquake insurance policy sales
Today's A.M. Best rating reaffirms CEA's financial strength rating as A- (Excellent)

SACRAMENTO—CEA earthquake insurance policy sales jumped following the March 29, 2014, magnitude-5.1 La Habra earthquake in Southern California by nearly as much as the increase in CEA policy sales following the March 11, 2011, magnitude-9.0 Tohoku earthquake in Japan.

“Earthquakes in California, or elsewhere around the world, serve as the best reminder of the risk for residential earthquake damage,” said CEA CEO Glenn Pomeroy. “Fortunately, the La Habra shake produced only minor damage for a few of CEA’s policyholders, and area residents suffered no loss of life.”

CEA is well-prepared to cover its policyholder obligations. A.M. Best just re-affirmed the CEA’s financial-strength rating (ambest.com/ratings) at A- (Excellent), citing the Authority’s “solid risk-adjusted capitalization, financial flexibility, extensive risk-modeling capabilities, sophisticated management practices, and conservative investment policy.”

The magnitude-6.7 Northridge earthquake in 1994 is the last shake that caused significant residential damage in California. Since that time, however, the number of residents with earthquake insurance has dropped dramatically.

Though CEA today reports a substantial increase in the number of its earthquake insurance policies sold, just 11 percent of California residents with a residential policy also have a separate policy—from any earthquake-insurance provider—to cover earthquake damage.

“While 50 percent of the residential loss caused by the Northridge earthquake in 1994 was covered by insurance dollars, less than 25 percent of the residential loss would be covered by insurance if the Northridge earthquake reoccurred today,” Pomeroy said.

CEA has paid numerous claims for damage to properties that sustained relatively minor damage from the La Habra earthquake. To date, most CEA claim payments from the La Habra shake have helped to cover costs of emergency repairs—a new CEA policy feature that does not require a deductible to receive payment.

CEA, a publicly managed, privately funded, not-for-profit organization, offers earthquake insurance policies through 19 participating insurance companies. California residents seeking a CEA policy should contact their residential insurance agent for a premium quote, or go to CaliforniaRocks.com for a premium estimate.

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