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California Earthquake Authority Marks 20 Years of Operation

*Not-for-Profit Earthquake Insurance Provider Continues to Innovate,
Looks Forward to Helping More Californians Reduce Their Risk of Earthquake Loss*

(SACRAMENTO) The California Earthquake Authority (CEA), the country's leading provider of residential earthquake insurance, celebrates its 20th anniversary this week.

California established CEA in 1996 to address a home-insurance market crisis. The 1994 Northridge earthquake caused huge and unexpected earthquake losses and rattled the insurance industry. In the months following the quake, insurers began refusing to write new California residential policies to avoid also having to offer earthquake insurance under the state's "mandatory earthquake offer" law. Eventually, new home policy sales across almost 95 percent of the market were closed down.

The situation threatened the state's housing market, so in response, the state created CEA—a not-for-profit, privately funded, publicly managed entity. Participating insurance companies would sell and service CEA earthquake policies, but CEA itself would bear the insurance risk in the event of covered claims.

CEA's participating insurers began writing CEA policies on Dec. 1, 1996, and over the next year the market crisis dissipated and home insurance sales returned to normal.

"On the day our doors opened, 20 years ago, CEA offered a solution to the home insurance crisis that threatened to cripple the state's housing market," said CEA CEO Glenn Pomeroy. "And during the last two decades, this not-for-profit enterprise has worked hard to make earthquake insurance as affordable, valuable and flexible as possible."

CEA has accomplished much during its first 20 years. Through innovative, cost-saving financing techniques and application of the best available science, CEA has been able to lower its rates by a combined 55 percent. CEA has funded important scientific and engineering research, to help gain a deeper understanding of earthquake risk, and is now offering financial incentives to retrofit older houses.

In addition, CEA is a leading promoter of the annual Great California ShakeOut preparedness drill, and its earthquake-insurance and preparedness marketing campaigns have earned national recognition.

2016 has been a watershed year for CEA. After rolling out many new policy choices and deductible options, and deeper premium discounts for retrofitted older houses, CEA is on track to more than triple its average annual growth rate of the last 10 years.

“As we move into our third decade of serving California, we are inviting everyone to take another look at what CEA now has to offer,” said Pomeroy. “Earthquake risk is real, but so is the value of earthquake insurance. Our new products and tools put every Californian in the driver’s seat to select the policy that meets their own needs and budget.”

CEA is committed to getting even more Californians financially protected against damaging earthquakes through education, mitigation and insurance. CEA policies are now more than 76 percent of all residential earthquake insurance policies sold in California. With more than \$12 billion in claim-paying capacity, CEA could cover all its claims if the 1906 San Francisco, 1989 Loma Prieta or 1994 Northridge earthquake were to reoccur today.

To learn more about CEA’s history, and to learn how to reduce your risk of earthquake loss, visit www.EarthquakeAuthority.com.

About CEA

CEA is a not-for-profit, privately funded, publicly managed organization that provides residential earthquake insurance and encourages Californians to reduce their risk of earthquake loss. Learn more at EarthquakeAuthority.com.

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