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California Earthquake Authority reduces rates and expands policy features
New features include more coverage, deductible options and discounts for mitigation

(SACRAMENTO) Insurance Commissioner Dave Jones has approved a statewide average rate reduction of 10 percent for earthquake insurance policies issued by the California Earthquake Authority (CEA), effective January 1, 2016.

In addition, the commissioner approved a number of additional CEA coverage options for consumers to choose from, including new deductible choices ranging from 5 to 25 percent.

“We want to help more Californians protect their household finances from the unpredictable—and potentially catastrophic—costs of earthquake damage,” said CEA CEO Glenn Pomeroy. “The commissioner’s approval of these new product enhancements and rate reductions clearly demonstrates the value the commissioner places on affordable, valuable earthquake insurance.”

When it implements these new changes next year, CEA will expand deductible options from today’s 10 or 15 percent, to a much broader range of choices: 5, 10, 15, 20, or 25 percent. The deductible is the amount that is deducted from the insured loss and does not have to be paid by the policyholder before a covered claim is paid. CEA imposes no out-of-pocket deductible-payment obligation on policyholders.

In addition, beginning January 1, 2016, CEA will also roll-out new hazard mitigation discounts ranging from 10 to 20 percent for eligible homeowners, upon verification that the house has been retrofitted in accordance with applicable standards.

“The magnitude 6.0 South Napa earthquake that struck last August caused significant damage to many homes and is a stark reminder that California residents need to consider how best to secure their biggest asset—their home,” said Insurance Commissioner Dave Jones. “The CEA’s new options and rate reduction will give consumers more ways to protect themselves against potentially devastating losses.”

Other notable enhancements include higher limits options for Personal Property and Loss of Use/Additional Living Expenses, new endorsements that provide coverage for exterior masonry veneer and breakable personal property, as well as increased coverage limits for chimneys and new coverage for energy efficiency and environmental safety upgrades. Loss of Use coverage still carries no deductible—it covers extra expenses incurred if a policyholder cannot live in their home because of earthquake damage.

Last month the U.S. Geological Survey (USGS) released a new long-term earthquake forecast for California. USGS noted that with more faults identified in recent years, the likelihood in the next 30 years of magnitude 6.7 and larger earthquakes somewhere in California remains at 99 percent, a near certainty.

Today, CEA has about 865,000 policyholders. But across the state, just 10 percent of residents with home insurance also have the separate policy needed to cover earthquake damage.

CEA Expanded Coverages and Rate Decrease
New products and additional deductibles
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CEA policies are available exclusively through CEA's participating insurance companies. By law, CEA rate determinations use the best available science. More information on CEA earthquake insurance coverage options and premiums can be found at CaliforniaRocks.com or EarthquakeAuthority.com.

About the CEA:

The CEA is a publicly managed, privately funded, not-for-profit organization that provides catastrophe residential earthquake insurance and works to help encourage all Californians to take steps to reduce the risk of earthquake loss. CEA issues approximately 75 percent of all residential earthquake policies purchased in California.

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