

20 YEARS

CEA CALIFORNIA EARTHQUAKE AUTHORITY™ **THE STRENGTH TO REBUILD®**

CALIFORNIA EARTHQUAKE AUTHORITY:
One of the world's largest providers of residential earthquake insurance

CEA was created 20 years ago to respond to a crisis—the virtual collapse of the California homeowners insurance market after the 1994 Northridge earthquake.

CEA quickly succeeded in that goal and ever since has worked hard on a far more ambitious one—providing valuable and affordable residential earthquake insurance to Californians.



FIVE THINGS TO KNOW ABOUT California Earthquake Authority

1 PUBLIC MISSION

We exist to serve you

CEA is a not-for-profit, publicly managed, privately funded insurance enterprise. We operate to help Californians reduce their risk of earthquake loss and empower them with the financial ability to recover.

2 MORE AFFORDABLE RATES

We've lowered rates by more than 55%

From day one, CEA has strived to make earthquake insurance as affordable as possible, while charging a price that accurately reflects the risk we assume with a policy issued.

3 FLEXIBLE POLICY OPTIONS

Now the policyholder is in the driver's seat

With a wide range of coverage and deductible options to choose from, you can customize your policy with features to best meet your own needs and budget.

4 FINANCIALLY STRONG

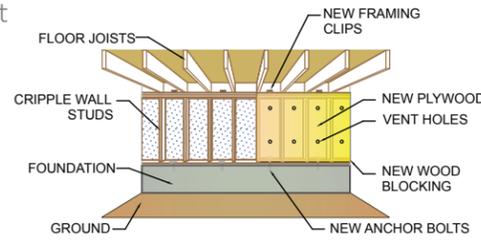
Over \$13 billion in claim-paying capacity

CEA is financially sound and consistently receives excellent financial ratings. Our commitment to you is that we are ready to provide you with the Strength to Rebuild® after a major earthquake.

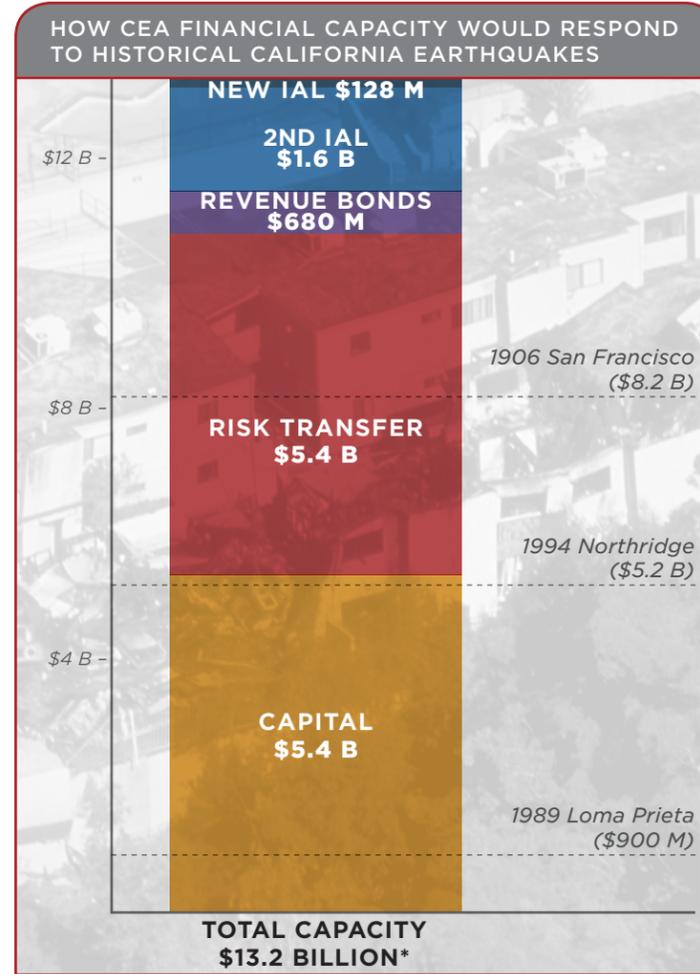
5 MAKING OLDER HOUSES SAFER

Designing programs to incentivize Californians

CEA Earthquake Brace + Bolt programs offer up to \$3,000 to eligible Californians to help them seismically retrofit their qualifying older house against shake damage. And we offer up to a 20% premium discount for policyholders who have retrofitted their older house.



A simple retrofit to make a house safer



OVER \$13 BILLION OF PROTECTION

At the core of CEA's financial strength is our capital—from \$700 million when CEA opened for business 20 years ago, to more than \$5 billion today, with CEA benefiting from consistently positive retained earnings.

CEA achieves its full insuring capacity by securing catastrophe risk-transfer products from the global reinsurance and capital markets.

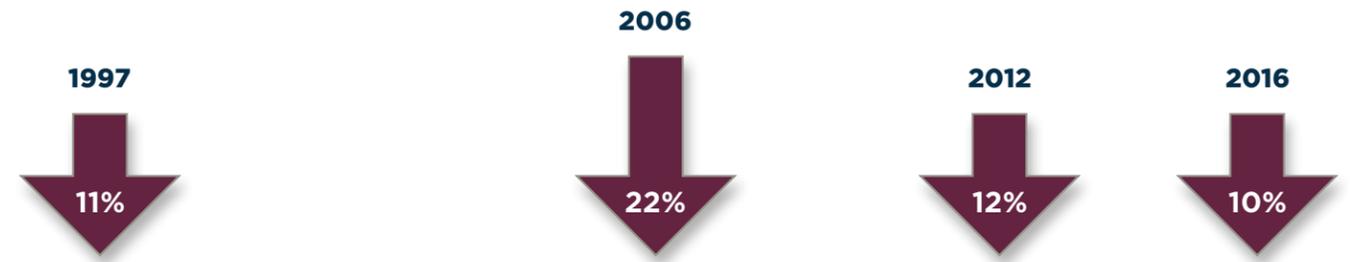
Under the California law that created it, CEA rates must allow CEA to remain financially sound and able to pay its covered claims. That means its rates must be set in an actuarially sound manner, based on the best available science. CEA projects its claim-paying-capacity needs by applying results from the three leading commercial catastrophe-loss-modeling firms: CoreLogic, RMS and AIR-Worldwide.

CEA is efficiently managed. About 83 percent of CEA's revenues are dedicated to providing or funding claim-paying capacity. About 14 percent of revenues go to agent commissions and participating insurer fees. And less than 6 percent is devoted to CEA operating expenses. None of the premium CEA receives goes to profit.

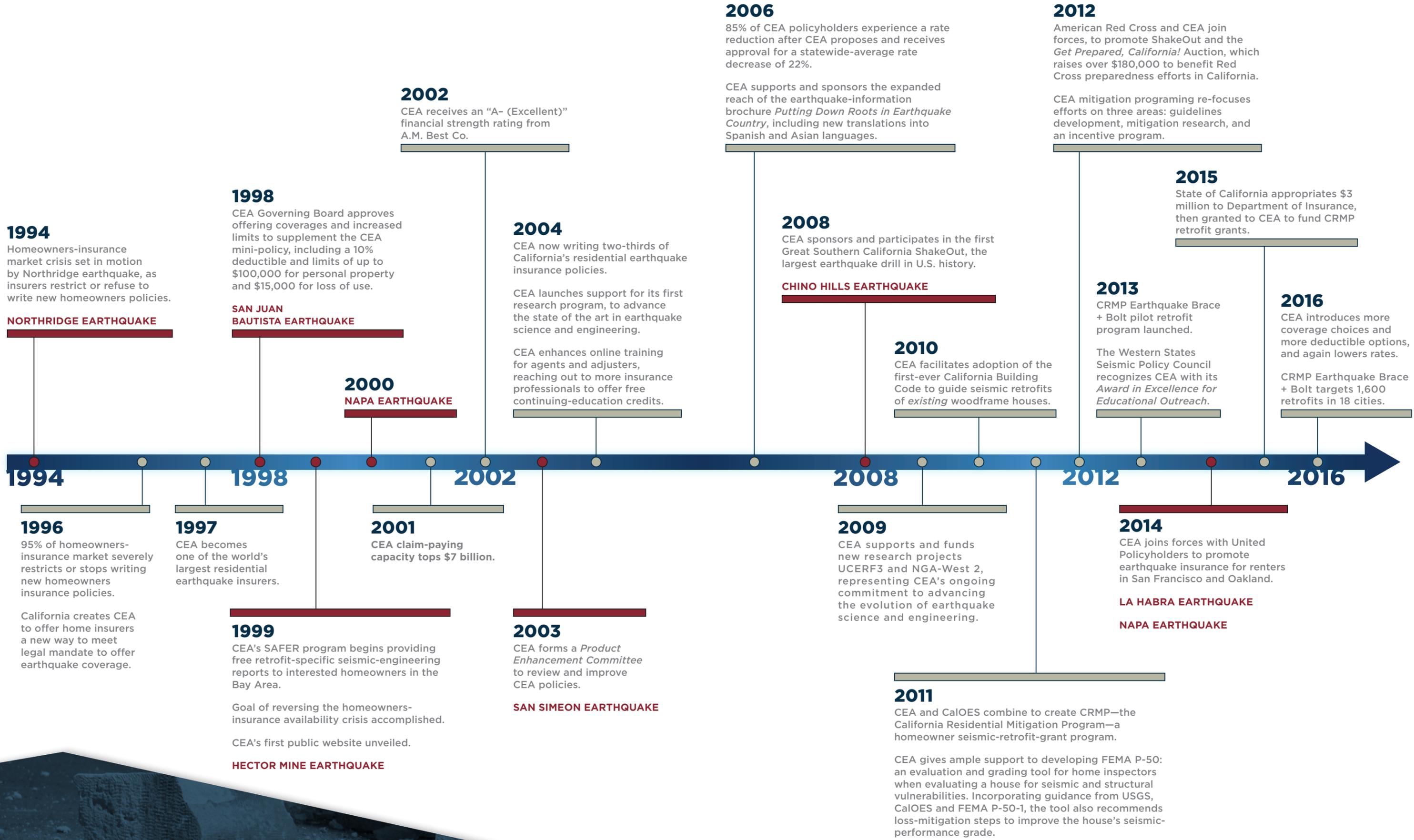
CEA'S COMMITMENT TO LOWER RATES

CEA has lowered its rates by a combined 55%. Without these rate reductions, the average CEA premium today would be more than twice as high.

Our Mission
Educate Mitigate Insure



MILESTONES IN CEA HISTORY



20 YEARS OF PRODUCT ENHANCEMENTS

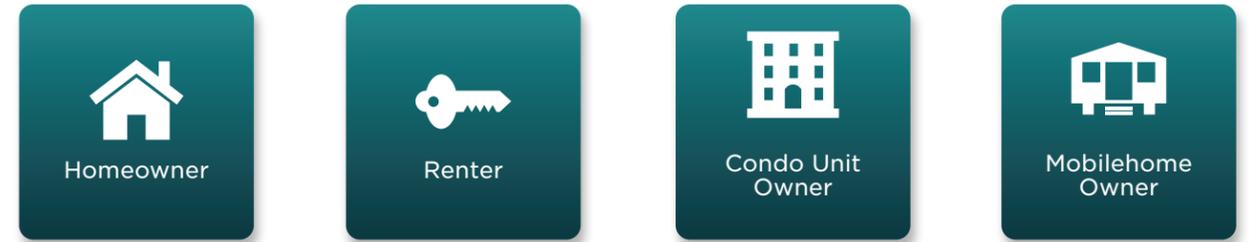
CEA COVERAGE	1996	1999	2012	2016
	Original CEA Policy	First Expansion	Homeowners Choice	More Options, More Affordable
Structure	Full	Full	Full	Full
Deductible	15%	10% & 15%	10% & 15%	5%, 10%, 15%, 20% & 25%
Personal Property	\$5,000	Up to \$100,000	Up to \$100,000	Up to \$200,000
Loss of Use No deductible	\$1,500	\$1,500	Up to \$25,000	Up to \$100,000
Emergency Repairs	5% of covered property, deductible applies	5% of covered property, deductible applies	5% of covered property, no deductible on first \$1,500	5% of covered property, no deductible on first \$1,500
Mitigation Discount	None	5% since CEA Inception	5%	Up to 20%

When it launched in 1996, CEA offered only a mini policy—the minimum-coverage policy authorized in 1995. But CEA has worked hard to offer a broader range of insurance options: In 2012 we introduced Homeowners Choice policies, to permit policyholders to make their earthquake coverage more flexible, with meaningful personal property and loss of use coverage limits.

Our 20th year has seen the most expansive product offerings in CEA history, including new options for deductibles and additional coverages and limits. CEA also again reduced rates and increased premium discounts for houses with code-compliant retrofits.

PREMIUM CALCULATOR

CEA has made our online premium calculator—free and accessible to any visitor to the website—more streamlined and more user-friendly, with sliders and an estimated premium that changes with each policy-feature change. Now agents and customers alike can easily choose the policy most aligned to needs and budgets.



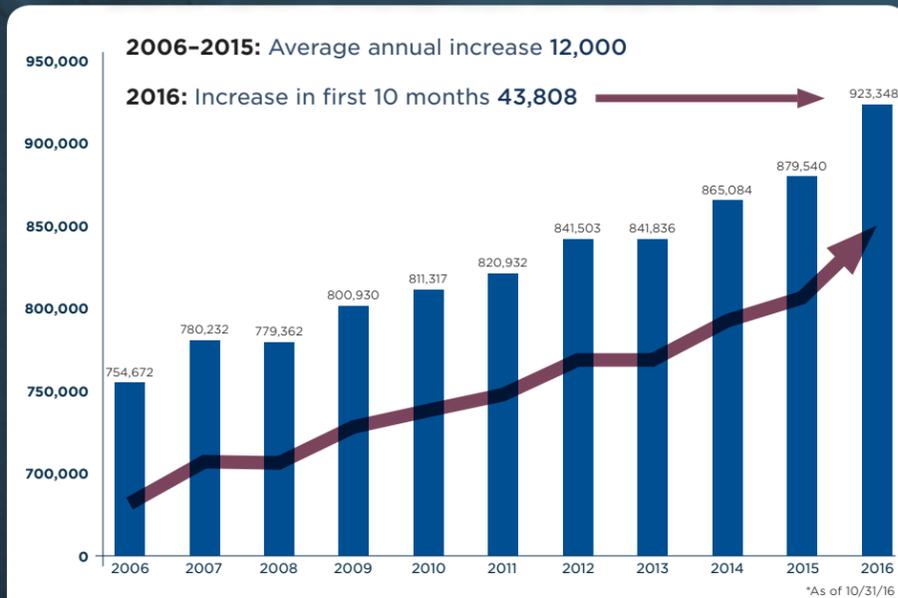
MORE CALIFORNIANS

choosing a CEA policy that meets their needs and budget.

It's a matter of when, not if, California's next damaging earthquake will strike. Scientists say there's over a 99-percent chance a magnitude-6.7 quake will hit California in the next 30 years. CEA never stops working to help Californians get ready for that day.

And more Californians are getting prepared for the next big one, getting a CEA policy and taking an active role in planning their earthquake recovery. From 2010 through 2016, take-up of CEA policies increased, but in 2016, CEA policy sales have increased dramatically—we expect that trend to continue into 2017.

SIGNIFICANT INCREASES IN POLICY SALES



PARTICIPATING INSURERS

From the start, CEA was designed for efficiency. Rather than create a new and costly network of agents and claim adjusters, CEA relies on the agents and adjusters of our participating insurers.

CEA doesn't sell or service policies or adjust claims itself. To provide the best customer service, while maintaining financial efficiency and keeping premiums as low as possible, CEA works through participating insurance companies, whose thousands of professional agents sell CEA policies, and whose experienced adjusters adjust claims on CEA's behalf.



NOTABLE EARTHQUAKES IN CEA HISTORY

