



California Earthquake Authority  
801 K Street, Suite 1000  
Sacramento, California 95814  
TOLL FREE (877) 797-4300  
[www.EarthquakeAuthority.com](http://www.EarthquakeAuthority.com)

*For more information about CEA earthquake insurance and earthquake preparedness, contact your residential property insurance agent, insurance company, or the CEA.*

The CEA offers earthquake insurance for:

- Homeowners, including mobilehome owners
- Condominium, townhouse, and other common interest development owners
- Renters

0506HO0506Q25K

# Your Guide to CEA Earthquake Insurance for Homeowners



Every day is earthquake  
season in California.<sup>®</sup>  
Are you prepared?





**T**here is no such thing as “earthquake weather.” Earthquakes do not happen at a certain time of day, year, month, or century. As Californians, we live with hundreds of active faults crisscrossing our state, and so we also live with the possibility that our homes could be seriously damaged or destroyed in a major quake. And earthquakes strike without warning.

We can help protect ourselves, our families and our finances by being prepared every day. Part of being prepared is having a recovery plan in place before an earthquake hits. You may think you are already protected by insurance, but if you look at your homeowners insurance policy, you will see that it does not cover damage caused by an earthquake. If an earthquake were to strike tomorrow, would you have the financial resources to pay for earthquake damage to your home?

If the shelter and protection your home provides is compromised even temporarily in the aftermath of an earthquake, your day-to-day living expenses will mount. It could take years to recover financially from the debt an earthquake could cause.

### **MORE CALIFORNIANS TRUST THE CALIFORNIA EARTHQUAKE AUTHORITY FOR THEIR EARTHQUAKE COVERAGE.**

Earthquake insurance is designed to repair earthquake damage to your home and replace personal property that is damaged or destroyed by an earthquake. A California Earthquake Authority (CEA) policy can pay your living expenses if you are unable to live in your home after an earthquake or help pay for emergency repairs to prevent further damage.



A CEA policy is designed to get you back into your home so you can get on with your life. Knowing the facts can help you make a decision about earthquake insurance and whether it suits your individual needs.

**CEA policies are available exclusively through CEA participating insurance companies and are available when an existing residential insurance policy is in place. Participating insurance companies handle all servicing of the CEA policy including applications, renewals, billing, and claims.**

## FREQUENTLY ASKED QUESTIONS

### What kind of earthquake coverage can I buy?

The CEA offers dwelling, personal property, and additional living expense coverage.

### What does a CEA policy provide?

- Repair, or in the event of a total loss, replacement cost, of an insured home when damage exceeds the policy's deductible, up to the policy limit.
- If you cannot live in your home after an earthquake, you may be eligible for additional living expenses up to your policy limit.

#### EARTHQUAKE FACT

**20** Number of seconds it took the Northridge Earthquake to cause the largest dollar amount loss of any earthquake in California history

Any time there is a change in your homeowners insurance, check with your current homeowners insurance company to make sure your earthquake policy remains unchanged and in force.

- After the deductible has been met by covered damage to your home, the policy will replace personal property such as furniture and household items, up to your policy limit.

### Will my CEA policy pay for emergency repairs?

Yes. Once damage has exceeded the policy's deductible, the CEA policy covers reasonable emergency repairs in an amount up to 5 percent of the insured value of the home as part of the dwelling limit of insurance. It also covers debris-removal costs in an amount up to 5 percent of the insured value of the home as additional insurance.

### Does my policy cover building code upgrades?

Yes. In addition to providing funds for repairing or replacing your home, the CEA's base policy includes up to an additional \$10,000 in building code upgrade coverage.

### What about my land? Is that covered too?

Your CEA policy will pay up to \$10,000 (as part of the dwelling limit of insurance), including engineering costs, to replace, stabilize or restore the land that supports your home. (The policy does not provide any other coverage for land or landscaping.)



## OPTIONAL COVERAGE LIMITS GIVE YOU THE FLEXIBILITY TO TAILOR A PLAN THAT FITS YOUR NEEDS.

### What kind of optional coverage limits can I buy?

- You can lower your deductible from 15 percent to 10 percent.
- You can increase your personal property coverage to as much as \$100,000.
- You can increase your additional living expense coverage to as much as \$15,000.
- You can purchase an additional \$10,000 in building code upgrade coverage (for a total of \$20,000).

### Do I need earthquake coverage?

Only you can decide if earthquake insurance is right for you. Ask yourself how much of your investment in your home you are willing to put at risk.

### How much does CEA earthquake insurance cost?

CEA premiums are based on certain factors, including where you live and the age, construction type, number of stories, and insured value of your home. Only your insurance agent or company can give you an exact quote, but to get a good estimate of the cost, visit [www.EarthquakeAuthority.com](http://www.EarthquakeAuthority.com). Click the estimated premium calculator and enter the information requested.

### What if my insurance company doesn't offer CEA earthquake coverage? Can I buy a policy directly from the CEA?

No. Only CEA participating insurance companies can sell CEA policies. Many of the largest insurance companies are CEA participating insurers, as are a number of other companies. You can obtain the names of these companies on the CEA Web site, [www.EarthquakeAuthority.com](http://www.EarthquakeAuthority.com), or by calling the CEA toll-free at (877) 797-4300.

### How does the deductible work?

- The CEA policy is designed to rebuild your home if it suffers significant damage from an earthquake. The deductible on a CEA homeowner's policy is calculated as a percentage of the amount of insurance on the dwelling structure. Only damage to the dwelling structure counts toward meeting the deductible. This means, regardless of the amount of damage to your contents, your dwelling must suffer covered structural earthquake damage that exceeds the deductible before the CEA pays for any loss to the structure or contents.
- Once damage to your home exceeds the deductible, the CEA will pay to repair or rebuild the dwelling on the property, up to the insured value of your home (Coverage A) and pay for damage to contents up to the limit purchased (Coverage C).
- The Loss of Use coverage will pay for additional living expenses, up to the coverage limit, if you are unable to live in your home due to earthquake damage. There is no deductible on Loss of Use coverage.
- If, for example, you buy a base policy with a 15 percent deductible, and your home is insured for \$100,000, your deductible would be \$15,000 (15 percent of \$100,000).



### What isn't covered by my CEA policy?

A partial list of items that are not covered:

- Detached garages and most other structures that are not part of the dwelling itself
- Land damage, other than \$10,000 in coverage for land stabilization
- Swimming pools and spas
- Awnings and patio coverings
- Fences
- Certain decorative or artistic items such as mirrors, chandeliers, stained glass, or mosaics
- Landscaping and irrigation systems
- Antennas and satellite dishes
- Patios, decks, walkways, and driveways not needed for pedestrian or disabled access to your home
- Plaster, to the extent that the repair cost exceeds the value of drywall
- Exterior masonry veneer (with the exception of stucco, which is covered)
- Damage caused in whole or in part by causes other than earthquakes, such as fire during or following an earthquake (in most cases, fire damage is covered by your homeowners insurance policy); water damage resulting from floods or surface water; power failures; explosions; or non-seismic land sliding
- Certain categories of personal property, including glassware, crystal, porcelain, artwork, motor vehicles, boats, and trailers

### Are there any other limits on covered items?

Yes. Certain types of property are covered only up to specified maximum amounts. A partial list of sublimits:

- \$5,000 to repair or replace all chimneys
- \$250 for money, bank notes, coins and medals
- \$300 for business property
- \$1,000 for damage to electronic data-processing equipment such as computers and printers

**There are other exclusions and special limits of coverage. You must read the entire policy to become familiar with what is and is not covered.**

### How do I file a claim?

For your safety, and to determine the amount of your loss after an earthquake, it is important that your home be examined as quickly as possible. In the event of a potential claim, immediately contact your homeowners insurance company or your agent to begin the inspection and claim process. Your homeowners insurance company will process your CEA earthquake claim.

**What role can I expect state or federal government disaster relief agencies, such as the Federal Emergency Management Agency (FEMA), to play in helping me pay for damage to my home?**

Federal disaster aid comes in the form of loans and grants. It is important to know that if you qualify for federal disaster loans, these loans must be repaid. If you don't qualify for a loan, you may receive a federal disaster grant, which averages less than \$15,000.



Damage caused by the 6.5 San Simeon earthquake in 2003

Limits of Insurance		Damage or Loss	Deductible 15%	Amount Paid to Policyholder
<b>INSURED VALUE</b>	\$397,000	\$109,519	\$(59,550)	\$49,969
<b>PERSONAL PROPERTY</b>	\$5,000	\$2,497	\$ —	\$2,497
<b>LOSS OF USE</b>	\$1,500	\$1,500	\$ —	\$1,500
<b>AMOUNT PAID TO POLICYHOLDER</b>				\$53,966
<i>Annual premium \$337</i>				

## ABOUT THE CALIFORNIA EARTHQUAKE AUTHORITY

The CEA is one of the world's largest providers of residential earthquake insurance and serves as a leading source of earthquake-preparedness information. The privately financed, publicly managed entity is financially sound and has approximately \$7 billion in claim-paying resources.

The California Legislature established the CEA in 1996 in the wake of the billions of dollars in insured losses caused by the Northridge Earthquake of 1994. The 6.7-magnitude quake was the costliest in U.S. history.

The CEA is committed to reducing injury, loss of life, and property damage from earthquakes. Learning about earthquake risk and preparedness is the first step Californians can take to protect themselves, their families, and their property.

The CEA receives no money through the state budget. The state budget has no impact on the CEA's ability to pay claims to its policyholders.

CEA policies are sold only through insurance companies that are CEA member companies. The CEA works with member companies to ensure that claims are processed promptly, fairly and consistently. Using the best available science, the CEA strives to offer policies that are competitively priced and available to a wide range of Californians.

## DO YOU **KNOW?**

During an earthquake people are often injured by falling or flying objects (TVs, lamps, book-cases, etc.). Proper placement and anchoring of objects in your home may reduce your risk for injury and damage.

**E**arthquakes in California are inevitable. There are steps you can take before, during, and after an earthquake that may reduce injuries, property damage, and loss to you and your family:

- First and most important, plan for the personal safety of you and your family.
- Look for potential hazards in your home and take measures to make them safer and earthquake-resistant.
- Think about the economic impact to you and your family if your home was damaged in an earthquake.



Every day is earthquake season in California.®  
Are you prepared?

# 7 STEPS to EARTHQUAKE SAFETY

The following seven steps may help you and your family be better prepared when an earthquake strikes. They are arranged in the order of measures to take before, during, and after an earthquake.

BEFORE

**1**  Identify potential hazards in your home and begin to fix them

**2**  Create your disaster plan

**3**  Create your disaster supply kits

**4**  Identify your home's potential weaknesses and begin to fix them



DURING

**5**  During earthquakes and aftershocks: Drop, cover and hold on

AFTER

**6**  After the shaking stops, check for damage and injuries needing immediate attention

**7**  When safe, follow your disaster plan

## LEARN MORE About Earthquake Safety

The following resources may provide you with valuable information ranging from earthquake hazard maps to retrofitting and what you can do to protect your family, home, and belongings.

### RESOURCES

American Red Cross	<a href="http://www.redcross.org/services/disaster">www.redcross.org/services/disaster</a> Click on "Disaster Safety" and "Earthquakes" (800) 540-2000
Association of Bay Area Governments	<a href="http://www.abag.ca.gov/bayarea/eqmaps">www.abag.ca.gov/bayarea/eqmaps</a> (510) 464-7900
California Contractor State License Board	<a href="http://www.cslb.ca.gov/consumers">www.cslb.ca.gov/consumers</a> (800) 321-2752
California Geological Survey	<a href="http://www.consrv.ca.gov/cgs">www.consrv.ca.gov/cgs</a> Click on "Earthquakes"
California Seismic Safety Commission	<a href="http://www.seismic.ca.gov/sscpub.htm">www.seismic.ca.gov/sscpub.htm</a> (916) 263-5506
Federal Emergency Management Agency	<a href="http://www.fema.gov/kids">www.fema.gov/kids</a> <a href="http://www.fema.gov/hazards/earthquakes">www.fema.gov/hazards/earthquakes</a>
Governor's Office of Emergency Services	<a href="http://www.oes.ca.gov/Operational/OESHome.nsf">www.oes.ca.gov/Operational/OESHome.nsf</a> Click on "Earthquake Program" (916) 845-8200
Southern California Earthquake Center	<a href="http://www.earthquakecountry.info">www.earthquakecountry.info</a> (213) 740-5843
U.S. Geological Survey	<a href="http://www.usgs.gov">www.usgs.gov</a> (888) 275-8747