



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

# Your Guide to CEA Earthquake Insurance

Owners of Condominiums, Townhouses, and  
Other Units in Common Interest Developments

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

*The CEA offers earthquake insurance for:*

- Homeowners, including mobilehome owners
- Owners of condominiums, townhouses, and other units in common interest developments
- Renters

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





**F**or many Californians, condominiums, townhouses and other common interest developments (collectively referred to as “condominiums” in this brochure) offer a key to the good life. As an owner, you can build real estate equity without the burdens of yard care, exterior maintenance and other responsibilities that owners of single-family dwellings face. Plus you can enjoy a sense of permanence and community. Most condominium associations maintain the exterior of your property and other structural components. But association insurance policies usually do not cover loss or damage to your personal property or interior fixtures (such as attached cabinets, built-in appliances and wall-to-wall carpeting) caused by an earthquake.

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

Before you purchase earthquake insurance for your condominium, you should confirm which structural components are your responsibility to repair and maintain. It’s also important to know whether your association has purchased a master earthquake insurance policy. You can do this by reading the association’s bylaws. Once you know your legal responsibilities and how much earthquake coverage the association provides, you can decide if earthquake insurance from the California Earthquake Authority is right for you.

If you own your condominium outright, or have significant equity, a damaging earthquake could present a severe financial setback. You might even have to consider an additional mortgage.



**An earthquake insurance policy from the CEA is designed to get you back into your home so you can get on with your life.**

### **Coverage A: Building Property**

Building Property coverage provides up to \$25,000 for repair or replacement of interior structural components when damage exceeds the policy's \$3,750 (15 percent) deductible.

Property covered includes built-in appliances, fixtures, some improvements, wall-to-wall carpeting, and some plumbing and heating equipment, as well as other items.

In addition to the \$25,000 Building Property coverage limits, the Building Property coverage provides an additional \$10,000 in coverage for the cost of building code upgrades.

A partial list of items not covered includes land, detached garages, awnings, patio coverings, antennas, satellite dishes, decorative or artistic features, fences and landscaping.

There are other exclusions. You must read the entire policy carefully to become familiar with what is and what is not covered.

### **PERSONAL PROPERTY AND ADDITIONAL LIVING EXPENSE COVERAGE**

#### **Coverage C: Personal Property**

You may choose to purchase a base limit of \$5,000 in coverage to repair or replace personal property such as furniture and household items, or you may increase your personal property coverage up to as much as \$100,000. The deductible is a modest \$750, no matter what limit of Personal Property coverage you select. Most types of personal property found in the typical home are covered, including such common items as furniture, TVs, audio and video equipment, household appliances, bedding and clothing. A partial list of items not covered under the policy includes animals, vehicles (such as cars, trucks, motorcycles, golf carts, aircraft and watercraft), artwork, glassware, crystal, china and porcelain, spas, and hot tubs.

There are other exclusions. You must read the entire policy carefully to become familiar with what is and what is not covered.

#### **Coverage D: Loss of Use**

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.

#### **EARTHQUAKE FACT**

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



### Coverage E: Loss Assessment

In condominium communities, the exterior of buildings, certain building components and common areas are typically owned by all of the condominium owners as a group. In the event of earthquake damage to such property, the association may, in accordance with its bylaws, impose an assessment against all members of the association to pay for exterior or structural repairs.

This coverage is unique to condominium owners, in that if damage from an earthquake occurs and the losses are not fully covered by the association's master insurance policy, Loss Assessment coverage will help you pay for your share of certain assessments the association may impose on all property owners in your condominium development.

You may purchase a loss assessment coverage limit of \$50,000 (\$7,500 deductible) for any condominium. If the fair market value of your condominium is less than \$135,000 you may choose to select a \$25,000 coverage limit (\$3,750 deductible) instead.

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

A partial list of assessments not covered are those made to pay for the repair of nonresidential structures, awnings, patio coverings, pools, spas, club houses, artistic features, or separate parking structures.

There are other exclusions. You must read the entire policy carefully to become familiar with what is and what is not covered.

#### EARTHQUAKE FACT

LESS THAN **20** percentage of Californians who carry earthquake insurance

#### EARTHQUAKE FACT

**200** number of known active faults in the state



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

Policyholders are not required to make out-of-pocket expenditures before becoming eligible to receive payment on CEA claims.

## FREQUENTLY ASKED QUESTIONS

### **Do I need earthquake coverage?**

Only you can decide if earthquake insurance is right for you. Ask yourself if you're willing to risk the investment you've made in your home.

### **How much does CEA earthquake insurance cost?**

CEA premiums are based on a number of factors, including where you live, the fair market value of your condominium, and the optional coverage limits you select. Only your insurance agent or your homeowners insurance 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 put in 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 member companies can sell CEA policies. Many California insurance companies are CEA member companies. You can obtain the names of these companies by visiting the CEA Web site, [www.EarthquakeAuthority.com](http://www.EarthquakeAuthority.com), or by calling the CEA toll-free (877) 797-4300.

### **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 earthquake 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, they must be repaid. If you don't qualify for a loan, you might be eligible to receive a federal disaster grant, which averages less than \$15,000.

### **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 condominium be examined as quickly as possible. In the event of a potential claim, contact your insurance company or your agent to begin the inspection and claim process.

#### EARTHQUAKE FACT

**20** Number of earthquakes that are recorded by the United States Geological Survey on a typical day in California



*Damage caused by the 6.5 San Simeon earthquake in 2003*

## **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 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 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 accessible and competitively priced.

## 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.

Earthquakes 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