



Earthquake Insurance

Earthquakes will happen, but we do not know exactly when. We do know that they can cause a lot of damage to your home and your belongings. You may even have to move out of your home while it is repaired or rebuilt. Generally, homeowners, renters and condominium insurance policies do not cover damage from natural disasters such as earthquakes, floods, and landslides.

Before You Buy Earthquake Insurance

Earthquake insurance covers some of the losses and damage that earthquakes can cause to your home, belongings, and other buildings on your property. Your homeowner's insurance does not cover earthquake damage.

If you have homeowner's insurance in California, your company must offer to sell you earthquake insurance. It must offer this every other year:

- The offer must be in writing. It must tell you the amounts it covers (the limits), the deductible, and the premium.
- You have 30 days to accept the offer. The 30-day period starts the date the company mails the offer to you. If you do not reply, you are rejecting the offer.

There are limits on what earthquake insurance pays. For homeowners, the purpose of earthquake insurance is to help put a roof back over your head. It does not replace everything you lost.

If you rent, you can buy earthquake insurance to cover damage to your belongings and to pay for living somewhere else while your rented home is being repaired.

If you have a condo, you can buy earthquake insurance to cover damage to the interior of your home and your belongings. It can also pay for living somewhere else while your condo is being repaired. Your condo association may also require you to pay for separate insurance to cover damage to the outside of your condominium building and common areas, or it may issue an assessment to repair your building after damage has occurred. Talk to your condo association.

If you own a mobile home, you can buy earthquake insurance to cover damage to your home and belongings. It can also pay for you to live somewhere else while your mobile home is being repaired.

The California Earthquake Authority (CEA)

The California Earthquake Authority (CEA) provides most earthquake insurance in California. CEA offers earthquake policies for homeowners, mobile home owners, condo unit owners and renters. You cannot purchase earthquake insurance directly from CEA. It is sold by insurance companies that are members of CEA (also known as Participating Insurers).

You must have a residential property insurance policy from a CEA Participating Insurer in place in order to obtain a CEA earthquake policy. You must purchase a CEA policy from the same insurance company that you have your residential policy with.

Basic Earthquake Insurance

There are three main parts of the basic earthquake coverage offered by the CEA:

- **Dwelling:** This is sometimes referred to as Coverage A and covers your home up to a certain amount, called the limit.
- **Personal Property:** This is sometimes referred to as Coverage C and covers things in your home, like furniture, clothing, TVs, and computers.
- **Additional Living Expenses (ALE):** This is sometimes referred to as Coverage D and covers temporary and extra costs to live somewhere else while your area is evacuated or your home is repaired.

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Homeowners Choice Policies

The CEA Homeowners Choice policy offers the option of choosing separate coverage for dwellings and personal property, with different deductibles for each. While you can select separate deductibles for dwelling and personal property, the Homeowners Choice policy will not apply both deductibles for the same earthquake claim. This means the CEA waives the personal property deductible if covered damage to your house exceeds the dwelling deductible.

Premiums

Your premium depends on many things, such as the location of your home, the cost to rebuild, type of construction, the coverages selected and the deductible. With CEA insurance, older homes may qualify for a discount of up to 20 percent if they have been properly retrofitted. To learn more about retrofitting, go to: <https://www.californiar ResidentialMitigationProgram.com/strengthen-your-house>

What Earthquake Insurance Does Not Cover

All insurance policies have exclusions. These are the things the policy does not cover. Read your policy to learn about your exclusions. Some common earthquake insurance exclusions are:

- Fire
- Land
- Vehicles
- Flood

Homeowners Insurance Covers Fire Damage

California law says that both homeowners and renter's insurance must cover fire damage that is caused by or follows an earthquake. This means that fire damage is covered, whether or not you have earthquake insurance.

Important Questions to Consider

Can I afford earthquake insurance?

Use the Premium Calculator at www.earthquakeauthority.com to estimate your premium.

Do I live where earthquakes are common?

You may need to research nearby fault lines and the type of soil in your area. Search fault lines on the U.S. Geological Survey website at www.earthquake.USGS.gov



Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace and your best resource for honest and impartial answers to insurance questions. Knowledgeable insurance professionals are available through our consumer hotline. Call 1-800-927-HELP (4357) or visit www.insurance.ca.gov to view all of our consumer information guides and insurance resources. These tools are available to consumers free of charge.

Do I have a high-risk house?

A house is likely to have more damage if it is older, or built of brick or masonry, or has more than one story.

Can I afford NOT to have earthquake insurance?

Could you afford to repair or rebuild your home? Can you afford to keep paying your mortgage and taxes while you repair or rebuild?

Will the government help me after a big earthquake?

The main form of federal disaster relief is the low-interest loan. You must show you can repay the loan. Grants from the Federal Emergency Management Agency (FEMA) for emergency home repairs and temporary rent assistance are only for those who do not qualify for loans.

In Summary

Waiting until after an earthquake to purchase insurance is not a good idea. It will not protect you from the damage you have already had. And after an earthquake the premiums may be higher.

Filing a Complaint (Request for Assistance)

CDI is committed to protecting your rights. Many questions can be answered over the phone. If we are unable to resolve the issue over the phone, you have the option of filing a Request for Assistance against the insurer or the agent/broker by mail or online on our website. The system will allow you to attach copies of all necessary documents, such as policies, canceled checks and correspondence. Some examples of the issues the Department may be able to help with include:

- Improper Denial of Claim
- Cancellation or non-renewal of a policy
- Delay in settlement
- Alleged misappropriation of premiums paid
- Alleged misrepresentation by an Agent/Broker or solicitor
- Unfair underwriting practices
- Dishonest or deceptive insurance sales tactics

Contact Us

Consumer Assistance Hotline:
1-800-927-4357

TTY 1-800-482-4833

Visit us on the web at:
www.insurance.ca.gov

To order additional materials contact
Community Relations & Outreach at:
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