

California Earthquake Authority

AGENT TRAINING



California Earthquake Authority (CEA) Rate & Form Filing 2019

The California Department of Insurance has approved a CEA rate and form filing effective July 1, 2019.

New rates will be implemented at each July 1 for three consecutive years, beginning July 1, 2019 and ending July 1, 2021. The overall rate deduction at year three is 1.7%. CEA policyholders may see their rates increase, decrease or remain stable, depending on the product, property location, and/or other rating factors.

New and renewal CEA earthquake insurance policies on or after July 1, 2019, will include the following changes:

Rating Territories

For all products (Homeowners, Homeowners Choice, Mobilehome, Mobilehome Choice, Condominium, and Renters), there are five **new** rating territories: 1, 3, 16, 21, and 28. Territory 4 has been removed.

Year of Construction

Homeowners and Homeowners Choice Policies

A new rating category for dwellings built after 2004 will be added so that the year of construction categories are:

- 2005 or later
- 1990 – 2004
- 1980 – 1989
- 1960 – 1979
- 1940 – 1959
- 1939 or earlier

Mobilehomes

Mobilehome policies will now be rated based on the year of construction categories shown below:

- 1995 or later
- 1975 – 1994
- 1974 or earlier

Foundation

Homeowners and Homeowners Choice Policies

The foundation type definitions have been modified for added clarity.

- Slab foundation
- Raised foundation
 - ◇ Cripple wall foundations
 - ◇ Continuous concrete-stem-wall
 - ◇ Post-and-pier or a post-and-beam
 - ◇ Unreinforced masonry-brick, concrete block/stone
 - ◇ A house that is constructed on a raised foundation, but has an attached garage, with or without living space above the garage, on a slab foundation is considered to have a raised foundation for CEA rating purposes.
- Other foundation type
 - ◇ House built above a full or partial basement
 - ◇ Houses with more than one foundation type
 - ◇ Any foundation that does not meet the definition of a slab or raised foundation

Roof Type

Homeowners and Homeowners Choice Policies

The following roof types will be considered as a rating factor:

- Composition
 - Tile or slate
 - Wood Shake or Wood Shingle
 - Other
- If a dwelling has multiple roof types, the majority (51% or more) roof type must be stated on the application and used to determine premium.

Hazard Reduction Discount

Homeowners and Homeowners Choice Policies

Single family houses built before 1980 may be eligible for a premium discount if **ALL** the following exist:

1. the construction is wood-frame; and
2. the foundation is a raised or other foundation type; and
3. the dwelling is anchored (bolted) to the foundation in accordance with Chapter A3 of the California Existing Building Code (CEBC) standards; and
4. the water heater is properly* secured to the building frame.

If the dwelling has:

- a. Cripple walls, they all must be braced in accordance with CEBC standards, as determined by an inspection conducted in accordance with the CEA Earthquake Insurance – Dwelling Retrofit Verification Form requirements; or the form must have a valid Brace + Bolt verification number.
- b. A post-and-pier, post-and-beam, or unreinforced masonry brick/stone foundation, the dwelling must, in compliance with CBC standards, have foundations that are placed continuously under all exterior bearing walls, be anchored to the perimeter foundation. In addition, all cripple walls must be braced as noted above.

*In accordance with Guidelines for Earthquake Bracing of Residential Water Heaters (California Department of General Services, Division of the State Architect).

Foundation Type	Year of Construction	
	1940 - 1979	1939 or earlier
Slab foundation	N/A	N/A
Other foundation – credit verified	10% discount	15% discount
Raised foundation – credit verified	20% discount	25% discount

- **Not all raised or other foundation types qualify for this discount.**
- **To qualify for the discount, a homeowner must submit a completed CEA Earthquake Insurance – Dwelling Retrofit Verification Form (CEADRV (01-2019)) to the participating insurer. A completed form must have either of the following: signed (by a licensed general contractor or a civil or structural engineer); or, has a valid Brace + Bolt verification number.**
- **The 5% self-verified discount, which has existed in past years, will no longer be available after June 30, 2019.**

Mobilehome

CEA policyholders will receive a premium discount if:

- The mobilehome is reinforced by an Earthquake Resistant Bracing System (ERBS) certified by the State of California Department of Housing and Community Development; or
- The mobilehome has been installed on an approved foundation system in accordance with subdivisions (a) or (b) of section 18551 of the California Health and Safety Code.

In order to obtain the discount, policyholders must submit to the participating insurer a copy of a final inspection report that verifies prior issuance of a building permit and that the system and installation meet one of the eligibility criteria above.

To learn more, visit Portal.EarthquakeAuthority.com.