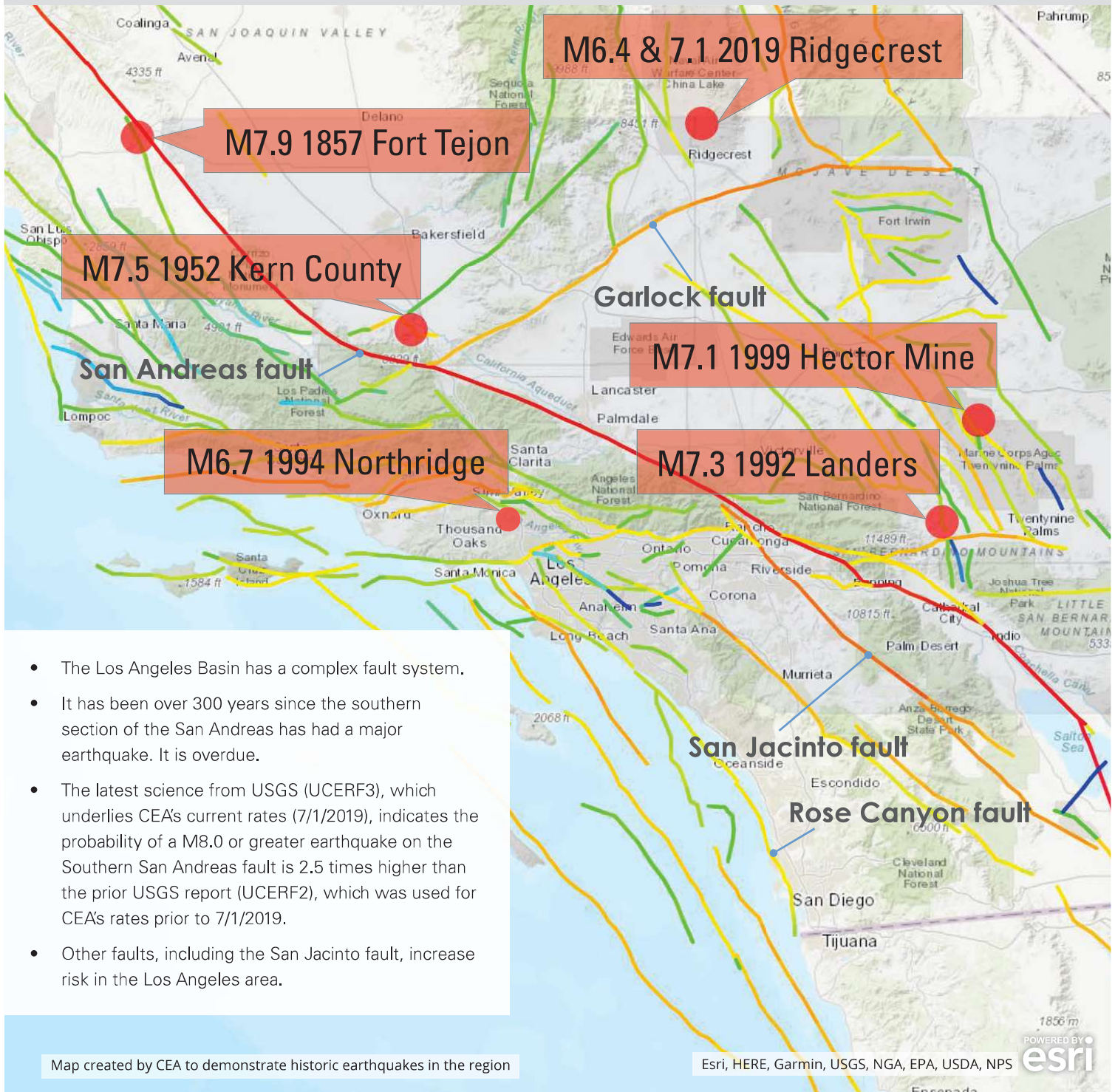


Explaining the Science

Behind CEA Rate Changes

Greater Los Angeles Area

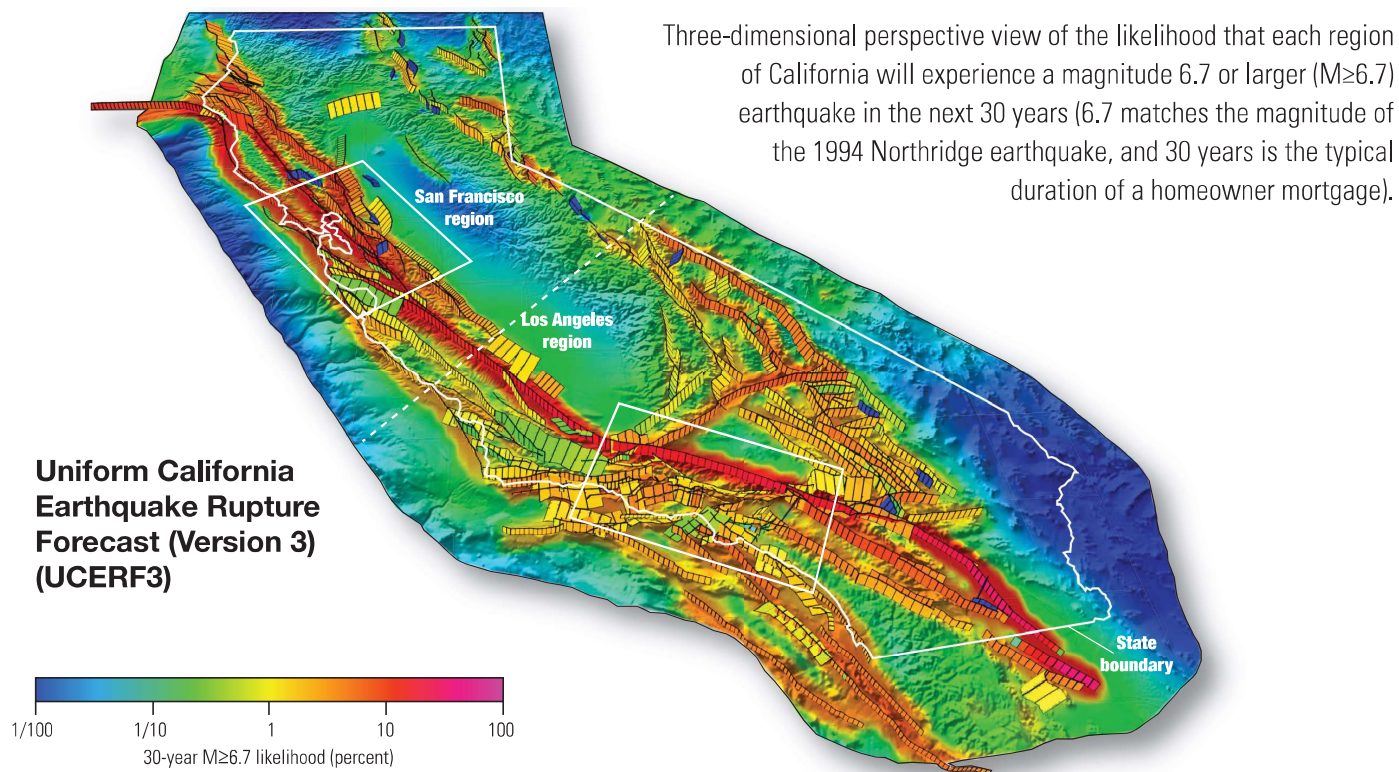


- The Los Angeles Basin has a complex fault system.
- It has been over 300 years since the southern section of the San Andreas has had a major earthquake. It is overdue.
- The latest science from USGS (UCERF3), which underlies CEA's current rates (7/1/2019), indicates the probability of a M8.0 or greater earthquake on the Southern San Andreas fault is 2.5 times higher than the prior USGS report (UCERF2), which was used for CEA's rates prior to 7/1/2019.
- Other faults, including the San Jacinto fault, increase risk in the Los Angeles area.

Explaining the Science

Behind CEA Rate Changes

California



UCERF3 (Uniform California Earthquake Rupture Forecast), a new earthquake fault zone and risk study, was released by the U.S. Geological Survey (USGS) in 2015. It changed previous earthquake risk models.

- Key features of UCERF3 include a larger inventory of faults, and a higher likelihood of multifault ruptures due to a vast, interconnected fault system.
- The research also reports that scientists now can consider more than 250,000 different fault-based earthquakes in assessing risk, whereas previous research and models considered far fewer.

CEA is required to use the best available science to set our rates. Therefore, CEA had to change our rating factors to reflect the latest science from UCERF3.

- 2018: The California Department of Insurance approved CEA's rate and form filing.
- 2019: Rate and form filing effective for new and renewal policies, to be implemented over three consecutive years:
 - July 1, 2019
 - July 1, 2020
 - July 1, 2021