



CIRCULAR: OPS-25-01

DATE: January 10, 2025

TO: All Participating Insurers

SUBJECT: CEA Procedures and Practices -
Southern California Wildfires

BACKGROUND:

The CEA has considered how our shared customers, who have been so severely affected by the Southern California wildfires might potentially be adversely affected by the ordinary processes and procedures and have identified some temporary needs that may apply to those who have suffered losses in the Palisades, Eaton and other fires in Los Angeles and Ventura counties:

- *First*, some CEA policyholders in the affected region may have suffered fire losses that damaged, but did not destroy, their homes, or even in the absence of such losses to their homes, their businesses or workplaces may have suffered damage and thus their income source may be disrupted or reduced. These policyholders may wish to keep their CEA earthquake coverage in place, but because of these financial setbacks—either personal losses specific to them or broader losses to the economy in general in the affected area—they may temporarily have difficulty affording the premium payments for the CEA policy.
- *Second*, we sadly must acknowledge that, given the severity of the losses in the firestorms, many CEA policyholders’ homes may have been destroyed in the fires, and therefore until and unless their homes are rebuilt, they may no longer have a structure to insure against earthquake loss and, therefore, those policyholders may wish to terminate their earthquake insurance until their homes are rebuilt.

CEA ACTION:

Therefore, to help our policyholders in their recovery from this disaster in our state, we wish to announce the following temporary modifications to the CEA’s processes and procedures, effective immediately:

- **60-Day Grace Period for CEA Insurance Premium Payments:** Consistent with Commissioner Lara’s Notice 2025-01, for any CEA policy with an insured location in any of the zip codes identified in Commissioner Lara’s Bulletin 2025-1, that was issued or renewed on or before January 7, 2025, and that has any premium currently due on the policy, the participating insurer that services that CEA policy is authorized to grant the policyholder a grace period (or extension of any existing grace period) of at least 60 days for the payment of that premium with no late fees.

- **CEA Policy Cancellations:** For any CEA policyholder who has submitted a claim for fire loss in the January 2025 Southern California wildfires under the fire insurance policy issued by the participating insurer, if that policyholder requests the cancellation of the CEA earthquake policy regardless of the date of the cancellation request, in accepting the cancellation the participating insurer is authorized to backdate the effective cancellation date of the CEA policy to the date of the fire loss, and to refund any unearned premium to the policyholder. We encourage refunding any due premium as soon as possible.

We have attached Commissioner Lara’s Notice 2025-1 – Moratorium on Cancellations and Non-Renewals and Grace Period for Premium Payments for Policies of Residential Property Insurance After the Recent Wildfires in Southern California, and Bulletin 2025-1 - Mandatory Moratorium on Cancellations and Non-Renewals of Policies of Residential Property Insurance After the Declaration of a State of Emergency.

Should you need our assistance, the CEA is ready to help our participating insurers identify our mutual customers in the affected areas – please contact your assigned insurance operations liaison.

Thank you for your efforts and continued support.

EFFECTIVE DATE: Immediately

COMMUNICATION: Any questions or comments may be directed to:

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