

California Earthquake Update

TO: CALIFORNIA LOCATIONS

RE: CALIFORNIA EARTHQUAKE COVERAGE

DATE: AUGUST 31, 2011

FROM: CINDY STELLHORN, VICE PRESIDENT MJ INSURANCE, INC.

The California Earthquake Authority (CEA) is a publicly managed, largely privately funded organization that provides catastrophic residential earthquake insurance and encourages Californians to reduce their risk of earthquake loss. Their coverage is designed to address solely residential housing in the state.

Throughout the years, we have visited with the CEA personnel to determine if there would be any way that they could see their way clear to consider a sorority chapter house under their eligibility, as this exposure is residential housing albeit on a commercial-scale, as opposed to that of a personal homeowner.

The CEA has recently embarked upon a significant marketing campaign to encourage more homeowners to consider buying earthquake insurance coverage. They report that less than ten percent of California homeowners currently purchase earthquake coverage for their home. We also know that this number is even less for California businesses, in that less than five percent purchase earthquake coverage on their physical structures.

In a recent conversation with a representative of CEA, we once again explored the possibility of the sorority chapter houses becoming "eligible" under the CEA program. As in prior attempts, they confirmed that a sorority chapter house would not meet their eligibility requirement for the program.

We were disappointed in their position, as it would potentially have been of interest to our clients. What may be of interest, however, is the recent change that your property insurance company, CNA Insurance Company, announced on their willingness to provide higher automatic limits of California earthquake insurance for our clients. This is a significant enhancement to the coverage, and your renewal information will share more details to you of the change.

Should you have any question on the CEA information or the enhanced earthquake coverage, please contact your [Sorority Division Account Executive](#).