

PREPARING FOR THE NEXT BIG EARTHQUAKE

ECA Bay Area Regional Workshop

Glenn Pomeroy
CEO, California Earthquake Authority

August 30, 2016













TOP FIVE THINGS TO KNOW about earthquake insurance

1 RISK

The risk is **REAL**.

Most Californians live within
30 MILES of an active fault

Most Bay Area residents live
less than **10 MILES** from a
major fault

The **SAN ANDREAS FAULT**
runs along the Sonoma Coast

The **HAYWARD FAULT** slices
through the hillside on the
east side of the SF Bay

Both can cause

DAMAGING EARTHQUAKES

WHAT IF ... ?

The 1906 San Francisco
earthquake reoccurred ... **TODAY**

Strong shaking would be felt by more than **2 MILLION** single family householdsfrom Eureka to Salinas

250,000 households **DISPLACED**

Residential damage:

\$175 BILLION

Insured: \$15 Billion

Uninsured: \$160 Billion

Greater than **99%** chance of a 6.7M
or larger earthquake sometime in
the **next 30 years**

51% chance of a 7.0M or larger
earthquake sometime in the **next**
30 years in the Bay Area...

3 times stronger than Northridge

It's not a matter of **IF**, but **WHEN**

90% of Californians don't have
earthquake insurance

TOP FIVE THINGS TO KNOW about earthquake insurance

1 RISK

The risk is **REAL**.

2 BENEFIT

So is the benefit of **EARTHQUAKE INSURANCE**.

MYTHS ABOUT

earthquake insurance

myth:

“The **GOVERNMENT** will bail me out.”

fact:

Government assistance, if available, is **LIMITED** to urgent health and safety needs.

Government loans must be **REPAID**.

MYTHS ABOUT earthquake insurance

myth:

Many think their **RESIDENTIAL POLICY** covers earthquakes.

fact:

Earthquakes are **NOT COVERED** under a residential policy – a separate earthquake policy is required.

MYTHS ABOUT

earthquake insurance

myth:

Earthquake insurance **COSTS TOO MUCH**, provides **TOO LITTLE COVERAGE** and the **DEDUCTIBLE IS TOO HIGH**.

fact:

CEA has dramatically **LOWERED RATES**, and now offers a wide range of **COVERAGE CHOICES**, **DEDUCTIBLE OPTIONS**, and new **DISCOUNTS** for retrofitting older homes.

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3 CEA

CEA is a **NOT-FOR-PROFIT** residential earthquake insurer.

CEA CALIFORNIA
EARTHQUAKE
AUTHORITY™

**THE STRENGTH
TO REBUILD®**

#CEA20

CEA: ESTABLISHED IN THE WAKE OF NORTHRIDGE EARTHQUAKE

Los Angeles Times

CIRCULATION:
1,236,850 DAILY / 432,197 SUNDAY

TUESDAY, JANUARY 18, 1994
COPYRIGHT 1994 / THE TIMES MIRROR COMPANY / CEN / 102 PAGES

DAILY 35¢
DESIGNATED AREAS HIGH FIVE

33 Die, Many Hurt in 6.6 Quake

L.A. Area Freeways Buckle, Buildings Topple

Sylmar Jolted by Ghosts of Horror Past

■ **History:** The city that crumpled under a 6.5 quake in 1971 remembers well the terror that came when the earth gave way. On Monday, it seemed like it was cursed.

By CRAIG TURNER
and RICHARD E. MEYER
TIMES STAFF WRITERS

Beate Heuss had nearly conquered her fear when she felt it again. That's why it was so terrifying. It was happening again. She and her husband, David, were in bed, like the last time. In a mobile home, fact, the same mobile home, at the same trailer park.

"This one felt much worse," she said afterward, calm but able to remember every tremor, then the shaking, then the violence. "It was much harder, a hard jolt. The '71 one swayed a little." But this one did not sway. It simply slammed David and Beate Heuss and their community. Again.

Sylmar does not look cursed. It is just half an hour from the heart of Los Angeles, but rural enough for

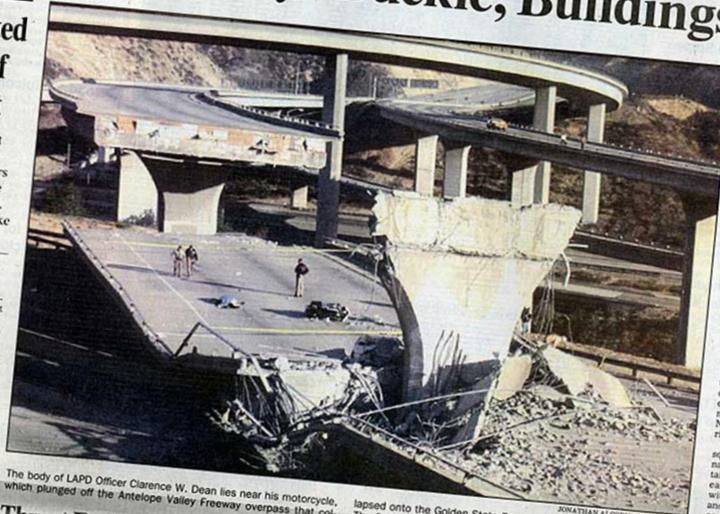
But at 4:31 a.m. Monday, in the quiet darkness, ruin struck with thunder and vengeance—for a second time. It trampled Sylmar and its peace of mind, and when the shaking finally stopped, roads had crumbled, structures had slipped.

Please see SYLMAR, A9

To Our Readers

The Times today publishes a special report, "Coping With the Quake," a resources guide that includes information on construction and tells how to clean up, and how to gain your personal and financial health.

This material is



The body of LAPD Officer Clarence W. Dean lies near his motorcycle, which plunged off the Antelope Valley Freeway overpass that collapsed onto the Golden State Freeway during Monday's earthquake. The 6.6 temblor closed at least 11 major freeways or interchanges.

By JONATHAN ALCOCK / For The Times

Thrust Faults Pose Brutal Danger to Basin

By ROBERT LEE HOTZ
and KENNETH REICH
TIMES STAFF WRITERS

The earthquake that convulsed the San Fernando Valley early Monday demonstrated as brutally complex web of deeply buried thrust faults underlying the Los Angeles Basin.

Commuters Will Face Nightmares for Months

■ **Transportation:** Several freeway sections are shut. Golden State, Santa Monica routes are heavily damaged.

By NORA ZAMICHOV
and RALPH FRAMMOLINO
TIMES STAFF WRITERS

The 10-second earthquake that rocked Southern California early Monday will create a commuting nightmare for months to come.

300,000 cars a day.

"We've got some major problems—people are going to be using city streets for a period of time," said Ken N... district office.

Questions on Reinforcing of Freeways Raised

By VIRGINIA ELLIS
and DAVID FERRELL
TIMES STAFF WRITERS

With sobering force, earthquake devastated Southern California roadway system.

■ **Disaster:** Epicenter is in Northridge, where three-story apartment complex pancakes. Ruptured gas lines erupt in fire in strongest temblor in city's modern history.

By TRACEY KAPLAN
and GREG KRUKORIAN
TIMES STAFF WRITERS

A deadly magnitude 6.6 earthquake—the strongest in modern Los Angeles history—ripped through the pre-dawn darkness Monday, awakening Southern California with a violent convulsion that flattened freeways, sand-wiched buildings, ruptured pipelines and left emergency crews searching desperately for bodies trapped under the rubble.

The 10-second temblor, which was not the long-dreaded Big One but erupted so ferociously that it isense, was blamed for at least 33 deaths—nearly half of which occurred when a three-floor apartment complex near the epicenter in Northridge collapsed into two stories.

Triggered by a fault that squatted the northern San Fernando Valley between two mountain ranges like a vice, the 4:31 a.m. earthquake swamped hospitals with hundreds of injured victims and left thousands more homeless as fires, floods and landslides dotted a landscape that has been visited by destruction with disturbing regularity.

The major developments. The death toll continued to grow throughout the day. Fifteen bodies were discovered under the Northridge Meadows apartments. Other victims of the quake included a Los Angeles police officer who sheared-off freeway, a Skid Row resident who may have hauled himself out the sixth-floor window of a Downtown hotel and a Rancho Cucamonga mother who slipped on a toy as she raced to check on her

her head on the crib, roadway system. (p) begin see JOLT, A10

January 17, 1994

1994: NORTHRIDGE EARTHQUAKE



Property Damage: \$40 Billion

Residential: \$20 Billion

AFTERMATH: Most insurance companies stopped writing Homeowners insurance

1996

2016

CEA CALIFORNIA EARTHQUAKE AUTHORITY™

THE STRENGTH TO REBUILD®



PUBLICLY MANAGED

GOVERNING
BOARD

Governor

**Insurance
Commissioner**

State Treasurer

Assembly Speaker

Senate Rules Chair

PRIVATELY FINANCED

CEA
POLICYHOLDERS



905,000



A NOT-FOR-PROFIT PROVIDER OF RESIDENTIAL EARTHQUAKE INSURANCE

PUBLIC MISSION

Educate

Mitigate

Insure

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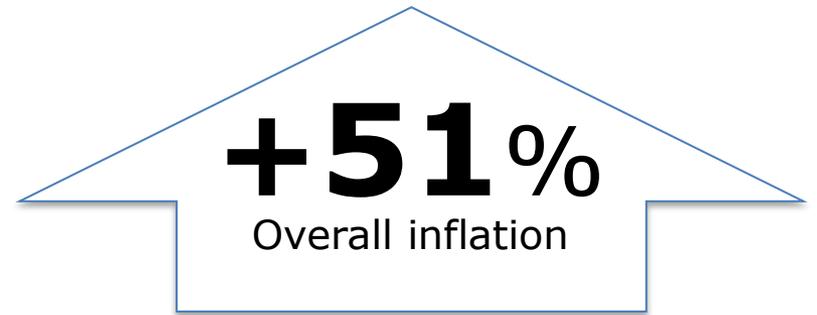
CEA is a **NOT-FOR-PROFIT** residential earthquake insurer.

4 2016

CEA has dramatically **LOWERED RATES**, and now offers a wide range of **COVERAGE CHOICES**, **DEDUCTIBLE OPTIONS** and new **DISCOUNTS** for retrofitting older homes.

OVER THE LAST 20 YEARS...

Overall inflation is up 51%



◆
1996

◆
2016

OVER THE LAST 20 YEARS...

Housing reconstruction costs increased by 168%

+168%

Reconstruction
Costs

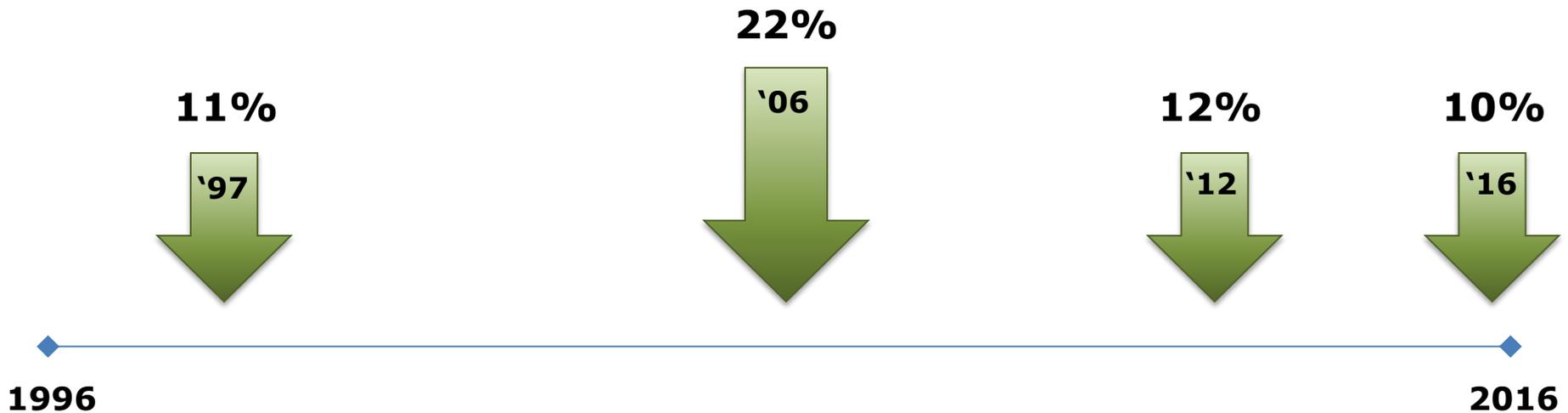


1996

2016

OVER THE LAST 20 YEARS...

Without these rate reductions, the average CEA premium today would be more than twice as high



2016: A NEW CEA

Product Enhancements

2016
New CEA
Options

1996
Original Policy

Structure	Homeowner Policies: \$1,500 emergency repairs with no deductible
Personal Property Coverage	\$5,000
Deductible	Policyholders are not required to pay the deductible to receive their claim payment
Loss of Use Coverage additional living expenses	Loss of Use never has a deductible
Mitigation Discount	0%

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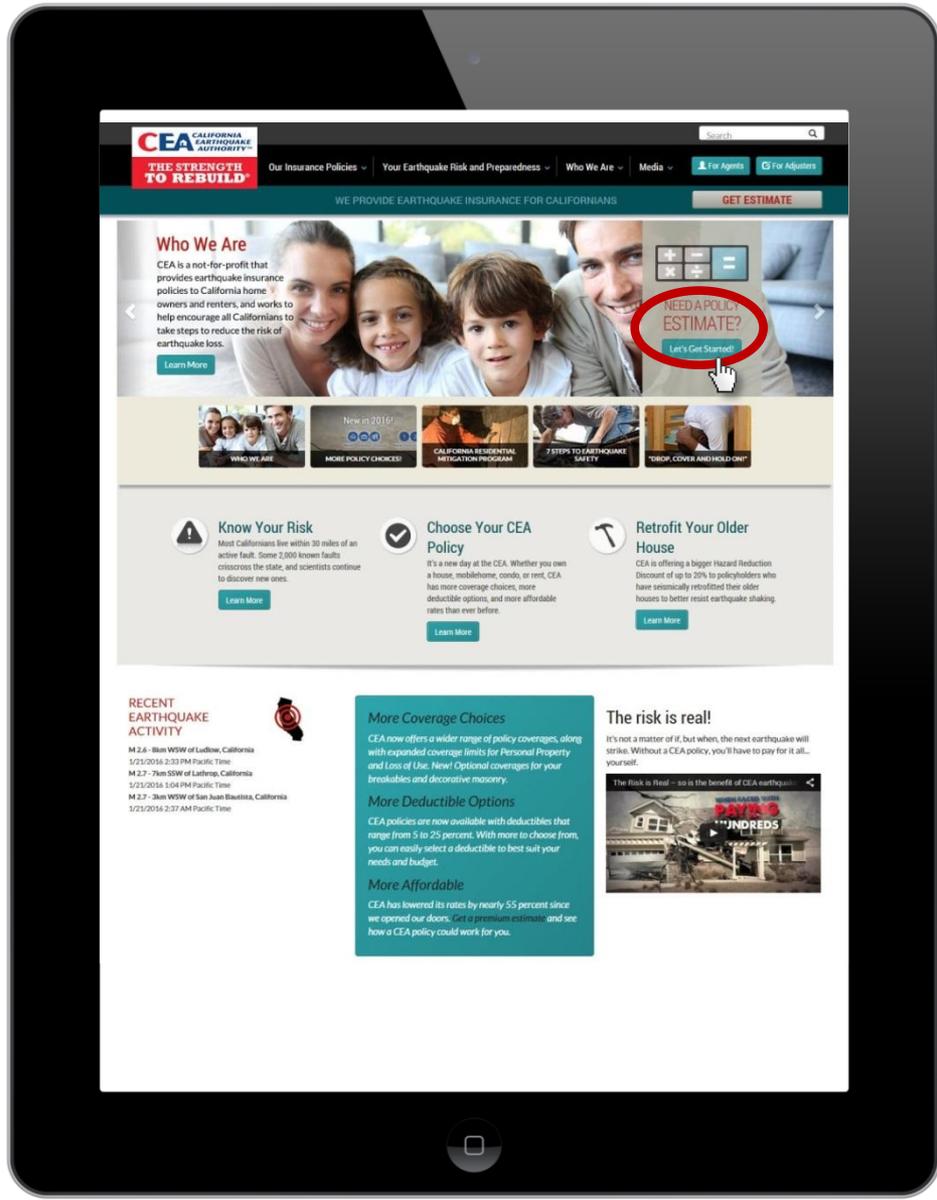
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5 CHOICE

Now Californians can choose the earthquake policies that meet their **NEEDS** and **BUDGET**.

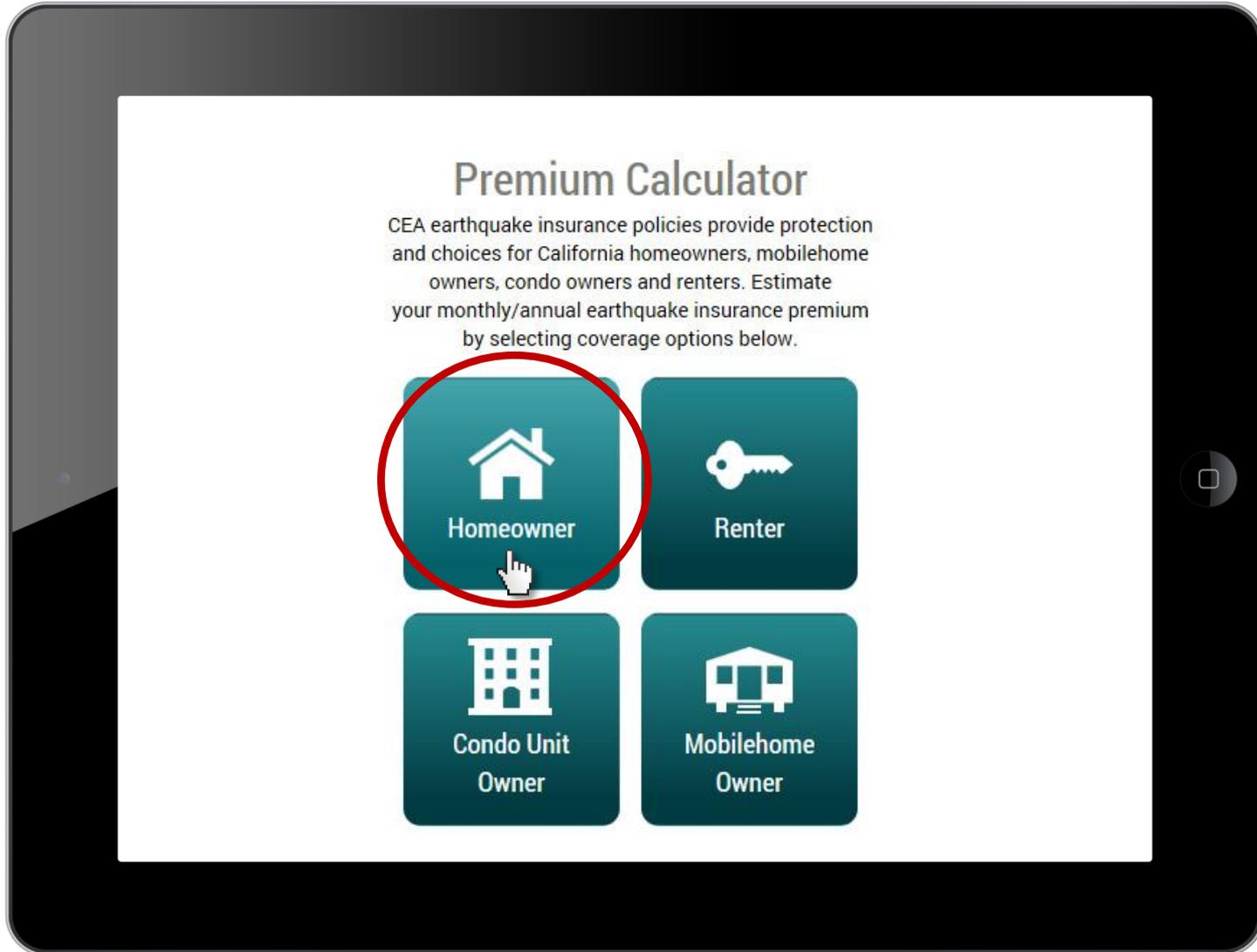
2016: A NEW CEA

Empowered Consumers



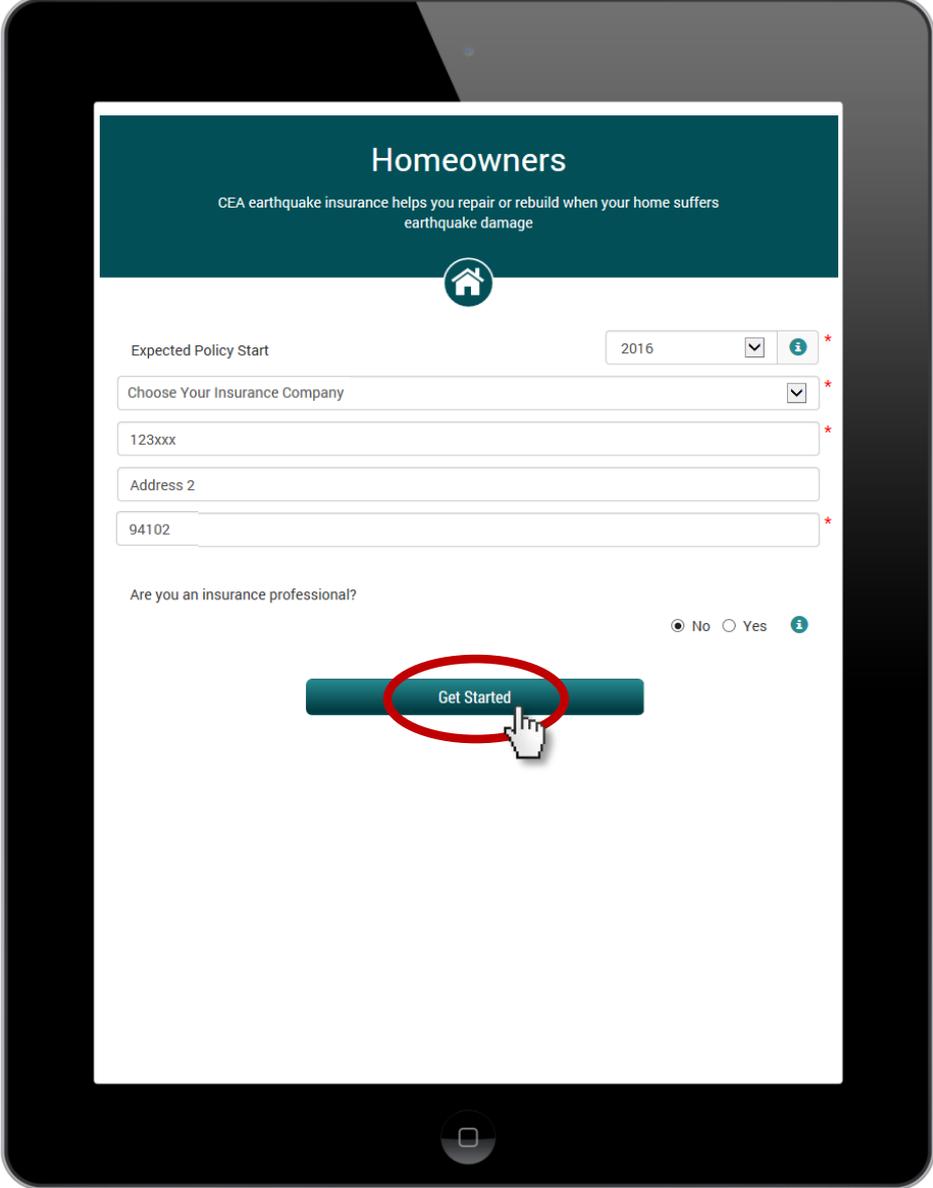
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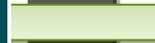
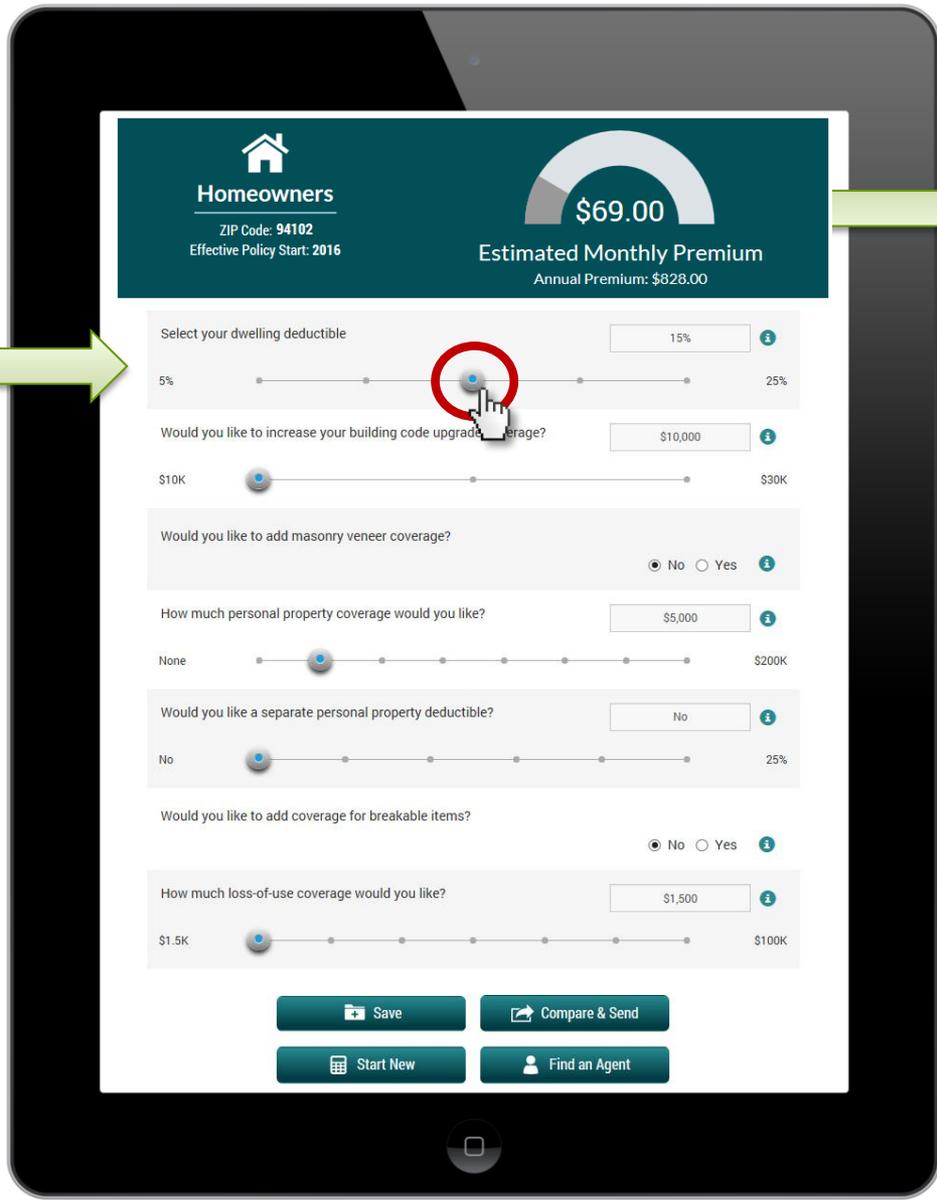
Empowered Consumers



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Deductible:
15%

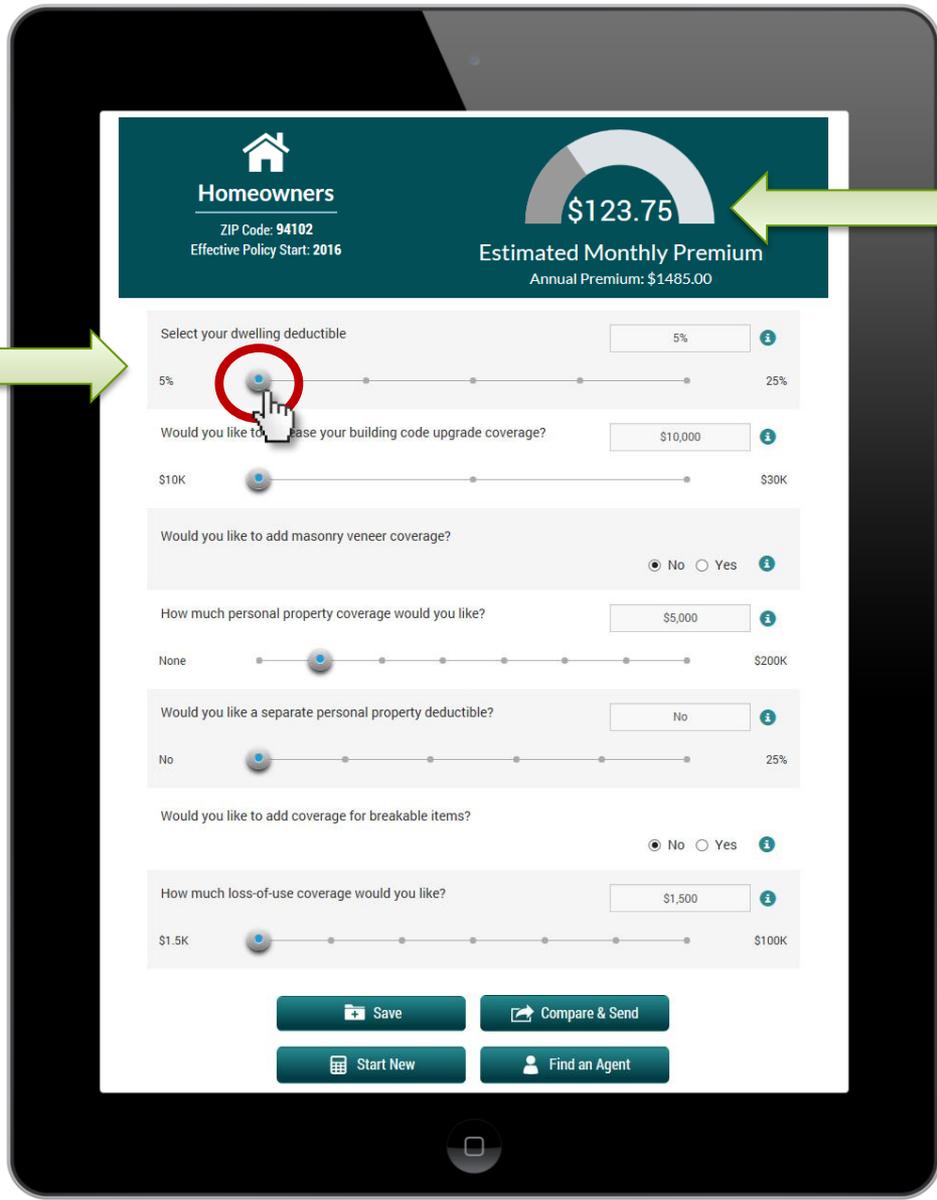


Premium

2016: A NEW CEA

Empowered Consumers

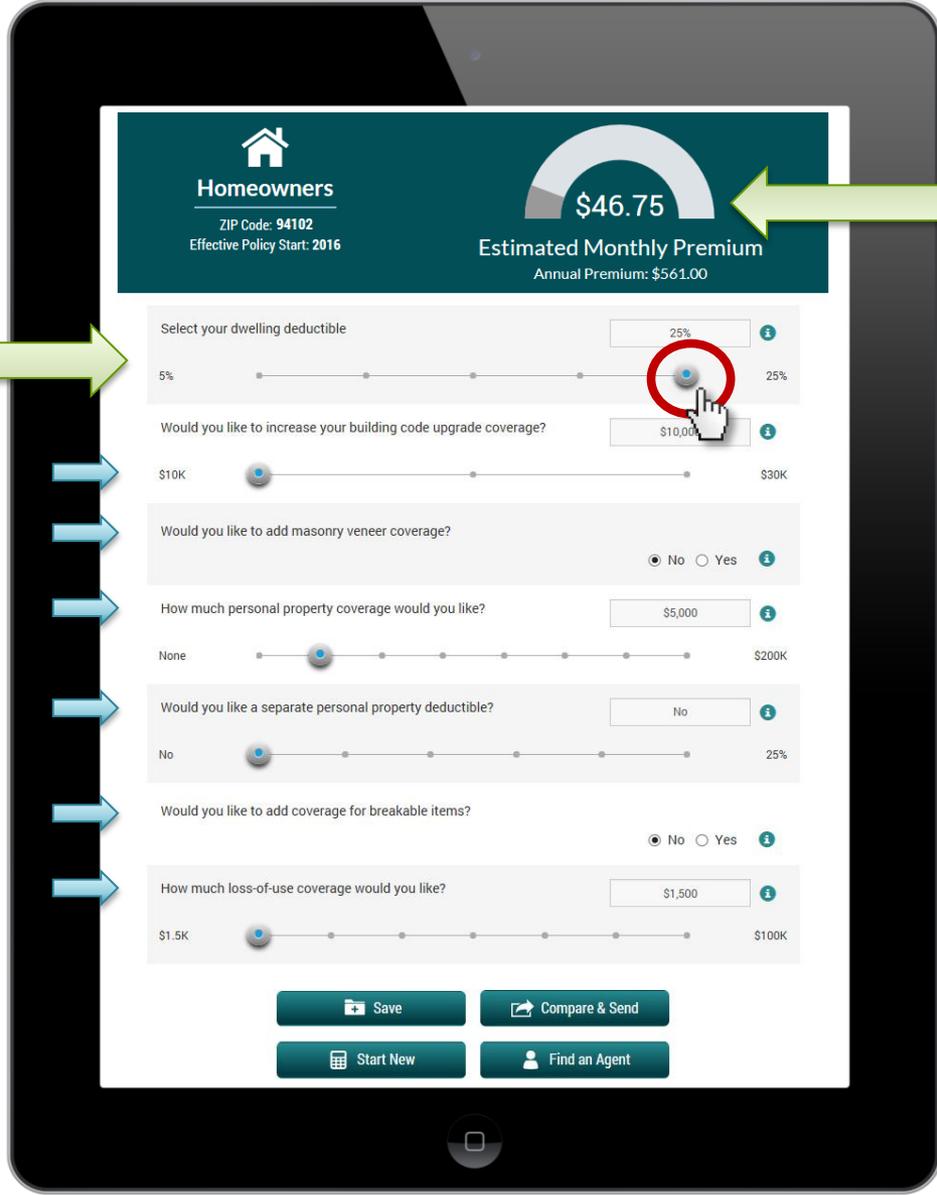
Deductible:
5%



Premium

2016: A NEW CEA

Empowered Consumers



Premium

Deductible:
25%

- Building Code Upgrade
- Masonry veneer
- Personal property
- Separate deductible
- Breakables
- Loss of use

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The background of the entire image is a close-up of a light-colored, textured surface, likely concrete or stone, that has been severely cracked. The cracks are dark, jagged, and spread across the entire frame, creating a sense of destruction and damage. In the center, there is a rectangular logo box with a white top half and a red bottom half.

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EARTHQUAKE
AUTHORITY™

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2016: A NEW CEA

Financial Strength

2016



CEA's financial strength is rated as **A- (Excellent)** by **A.M. Best Co.**, the world's most authoritative rating agency of insurance companies.

Claim-paying capacity: **\$12 Billion**