



Members:

STATE FARM

LIBERTY MUTUAL

PROGRESSIVE

MERCURY

NATIONWIDE

FARMERS

Associate Members:

NAMIC

CHUBB

Date: February 25th, 2020

To: The Honorable David Chiu, Chair
The Honorable Tyler Diep, Vice Chair
Members, Assembly Housing and Community Development Committee

From: Rex D. Frazier, President
Seren Taylor, Senior Legislative Advocate
Deanna Jarquin, Legislative Advocate

Re: AB 1997 (Nazarian) Building Codes: Earthquake Safety: Functional Recovery Standard.

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents six of the nation's largest property and casualty insurance companies (State Farm, Liberty Mutual Insurance, Progressive, Mercury, Nationwide and Farmers as well as associate members NAMIC and Chubb) who collectively write a majority of personal lines auto and home insurance in California.

PIFC is pleased to support AB 1997, a measure that would require the California Building Standards Commission to assemble a working group that includes the Department of Housing and Community Development, the Office of the State Fire Marshal, California building officials, members of the construction industry, the Structural Engineers Association of California, and the insurance industry among others.

The working group will focus on whether a "functional recovery standard," or a set of building codes that describe how the basic functions of a building can be maintained following a major seismic event, is warranted. If so, the group would advise the appropriate state agencies and assist in the preparation of the estimated cost of compliance.

California has taken great steps to prepare for the next major earthquake, including creating the California Earthquake Authority (CEA) to ensure homeowners can have access to earthquake insurance policies. The CEA and the Governor's Office of Emergency Services also created the California Residential Mitigation Program (CRMP) Brace and Bolt program to retrofit and strengthen residences to prevent loss of life and property.

Yet, as California is the one of the most seismically-active places in North America, it is imperative that a greater variety of structures are evaluated for their resiliency and ability to regain functionality after a major earthquake. A building that incurs less damage after an earthquake has a reduced risk of an electrical fire – a "fire-following" event – which has long been a concern of the insurance industry. It also would result in lower repair costs and reduced deductible expenses, making it easier for Californians to return to their lives after a disaster.

This measure seeks to reduce risk, improve resiliency, and provide the opportunity to implement changes that will make California better prepared for future earthquakes.

For these reasons, PIFC supports AB 1997 (Nazarian). If you have any questions regarding PIFC's position, please contact Seren Taylor at (916) 442-6646.

cc: Assemblymember Adrin Nazarian, Author
Lisa Engel, Chief Consultant, Assembly Housing and Community Development Committee
William Weber, Consultant, Assembly Republican Caucus
Ronda Paschal, Deputy Legislative Secretary, Office of the Governor
Melissa Gear, Chief Deputy Legislative Director, California Department of Insurance