



STATE FARM

LIBERTY MUTUAL
INSURANCE

PROGRESSIVE

MERCURY

NATIONWIDE

NAMIC

Date: August 23rd, 2019

To: The Honorable Anthony Portantino, Chair
The Honorable Patricia Bates, Vice Chair
Members, Senate Appropriations Committee

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

Re: AB 393 (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 five of the nation's largest insurance companies (State Farm, Liberty Mutual Insurance, Progressive, Mercury, and Nationwide as well as associate member NAMIC) who write personal line auto and home insurance in California.

PIFC is pleased to support AB 393, 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 393 (Nazarian). If you have any questions regarding PIFC's position, please contact Seren Taylor at (916) 442-6646.

cc: Assemblymember Adrin Nazarian, Author
Mark McKenzie, Staff Director, Senate Appropriations Committee
Matt Osterli, Consultant, Senate Republican Caucus
Ronda Paschal, Deputy Legislative Secretary, Office of the Governor
Michael Martinez, Senior Deputy Commissioner and Legislative Director, California Department of Insurance