



Personal Insurance Federation of California

California's Personal Lines Trade Association

REPRESENTING THE LEADING AUTOMOBILE AND HOMEOWNERS INSURERS

State Farm • Farmers • 21st Century Insurance Group • SAFECO • Progressive

MEMORANDUM

Date: April 21, 2003

To: Assemblyman Correa, Chair
Members, Assembly Business and Professions Committee

From: Dan C. Dunmoyer, President
G. Diane Colborn, Vice-President of Legislative and Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate

Re: AB 1066 (Liu): California Seismic Safety Bond Act of 2002
Assembly Business and Professions Committee: April 29, 2003
PIFC Position: Support

The Personal Insurance Federation of California (PIFC), representing insurers who sell nearly 50% of all earthquake insurance sold in the state of California, **supports AB 1066** authored by Assemblymember Liu.

AB 1066 (Liu) would enact the California Seismic Safety Bond Act of 2004. This Bond Act would authorize the issuance of a State General Obligation Bond for purposes of funding the California Seismic Safety Bond Fund of 2004. This bond fund would be used to fund earthquake technical research, public education programs, and seismic retrofit improvement grants for local governments.

As a result of the 1994 Northridge earthquake, PIFC member companies had over 208,000 claims. One of the key challenges associated with major seismic activity in California is the fact that a substantial loss of life and property occur due to older and poorly reinforced structures located throughout California. Studies done in 2001 by the CURee Foundation show that buildings, if properly retrofitted and built, can withstand back-to-back large seismic events without major structural damage. This points to the benefits associated with this measure and that it will decrease the likelihood of loss of life and structural damage.

Although the science associated with retrofitting and its impact on reducing costs is still at the beginning stages, it is intuitive that steps taken to address the retrofitting of at-risk property will ensure that the state, the California Earthquake Authority (CEA), private insurers, local government, and consumers can withstand the tremendous financial impact which results from large seismic events.

For the reasons stated above, **we urge your support of AB 1066**. If you have any questions regarding our position, please do not hesitate to contact Dan Dunmoyer at (916) 442-6646.

cc: Honorable Carol Liu, Author
Ann Richardson, Deputy Legislative Secretary, Governor's Office
Jay Greenwood, Assembly Business and Professions Committee
Laura Zuniga, Assembly Republican Caucus
Henry Sepulveda, California Seismic Safety Commission

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