

California Earthquake Authority CEO Praises Bipartisan Effort to Help Reduce Costs of Disaster Recovery

Digital Journal

The California Earthquake Authority applauds California’s U.S. Rep. John Campbell R-48), who today introduced H.R.3125 – companion legislation to S.637 introduced by U.S. Sen. Dianne Feinstein earlier this year. Both bills would strengthen the nation’s natural disaster recovery system by enacting the Earthquake Insurance Affordability Act EIAA).

“I thank Rep. Campbell for coming together with Sen. Feinstein to tackle this vital challenge,” said Glenn Pomeroy, CEO of the California Earthquake Authority. “EIAA will allow the nonprofit CEA to dramatically reduce its expenses—and the savings will directly benefit policyholders.

“More families in earthquake-prone regions need to be covered by earthquake insurance, but today the coverage is simply too expensive. With EIAA, more homes will be insured by coverage they can afford. And the bottom line is this: a family in an insured home won’t need to rely on the federal government to rebuild after the next big earthquake.”

In California, less than 10 percent of all homes are covered for earthquake damage. Across the nation more than 75 million people live in earthquake-prone regions, and earthquake insurance is limited in those other vulnerable areas as well.

“This legislation is by no means designed just for California. It will help any state that wants a public earthquake insurance provider to help build and complement the private market,” Pomeroy said.

The CEA uses reinsurance to back up its insurance policies, but reinsurance is expensive. With EIAA the CEA will be able to replace some of its costly reinsurance with a limited amount of private-market debt backed by a federal guarantee. The resulting financial diversity benefits policyholders two ways—it will lower their insurance premiums and make the CEA even stronger.

In recent weeks, support for the EIAA has been building. A sample of the supporters includes the insurers

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Automobile Club of Southern California and Mercury Insurance Group; California Association of REALTORS®, and the California Building Industry Association; and many other organizations including consumer advocates United Policyholders, and the American Red Cross, the California State Association of Counties, and the California Taxpayers Association.

For more information regarding the EIAA and the coalition supporting this legislation please visit <http://www.earthquakerecovery.com>.

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