



**To:** The Honorable Susan Rubio, Chair  
The Honorable Brian Jones, Vice Chair  
Members, Senate Insurance Committee

**From:** Michael Paiva, Director of Legislative Affairs, Farmers Insurance

**Re:** **SB 254 (Hertzberg) California Earthquake Authority**

**Senate Insurance Committee Hearing – April 24, 2019**

**Position – Support**

Farmers Insurance, a California based company providing insurance for automobiles, homes, small businesses and a wide range of other insurance and financial services and products, **is pleased to support Senate Bill 254.**

SB 254 will enhance the CEA's existing claim-paying capacity by adding a new, lower cost alternative to reinsurance. This approach will help ensure that the CEA will be financially sound following a catastrophic quake. In addition, this approach will allow the CEA to enhance its existing brace and bolt program which has been proven to protect structures that are otherwise vulnerable to earthquakes.

Studies have shown that every dollar spent on mitigation can save at least four dollars in post-event disaster-related costs. Experts predict that there is a 99% chance that a 6.7 magnitude or greater quake will hit California in the next 30 years. Experts also suggest that more than 1.2 million single-family homes are vulnerable to damage in even a moderate quake. The passage of SB 254 will allow the CEA to devote a significant amount of financial resources towards its successful brace and bolt program.

For these reasons, we are pleased to support SB 254. If you have any questions regarding our position, please contact Michael Paiva at 916.201.4735.

Sincerely,

Michael A. Paiva

Director of Legislative Affairs

**cc:** Hugh Slayden, Chief Consultant, Senate Insurance Committee  
Brian Flemmer, Consultant, Senate Republican Caucus  
Rhonda Paschal, Deputy Legislative Secretary, Office of the Governor  
Michael Martinez, Senior Deputy Commissioner and Legislative Director, California Department of Insurance

10/10/2020