



Date of Notice: Monday, August 18, 2014

PUBLIC NOTICE

A PUBLIC MEETING OF THE GOVERNING BOARD OF THE CALIFORNIA EARTHQUAKE AUTHORITY

NOTICE IS HEREBY GIVEN that the Governing Board of the California Earthquake Authority (“CEA”) will meet in West Sacramento, California. Pursuant to California Insurance Code §10089.7, subdivision (j), the Bagley-Keene Open Meeting Act applies generally to meetings of the Board, and the meeting is open to the public—public participation, comments, and questions will be welcome for each agenda item. All items are appropriate for action if the Governing Board wishes to take action. Agenda items may be taken out of order.

LOCATION: CalSTRS Headquarters Building
Boardroom – Lobby, E-124
100 Waterfront Place
West Sacramento, California

DATE: Thursday, August 28, 2014

TIME: 1:00 p.m.

AGENDA:

1. Call to order and member roll call:
 - Governor
 - Treasurer
 - Insurance Commissioner
 - Speaker of the Assembly
 - Chair of the Senate Rules Committee

Establishment of a quorum

This CEA Governing Board meeting will be broadcast live on the Internet. Please wait until the official start time of the meeting before clicking on either icon:



[Audio](#)



[Video \(with audio\)](#)

If you are unable to log into the meeting please call the CEA directly at (916) 661-5001 for further assistance.

2. Consideration and approval of the minutes of the May 15, 2014, CEA Governing Board meeting.
3. Executive Report by Chief Executive Officer Glenn Pomeroy; assisted by CEA executive staff, Mr. Pomeroy's report will include an update for the Board on legislative activities of interest to the CEA.
4. The Governor's designee to the CEA Governing Board Mark Ghilarducci (Director of the Governor's Office of Emergency Services (CalOES)), joined by Mark R. Johnson (Branch Chief – CalOES Earthquake and Tsunami Program), will brief the Board on California's proposed earthquake-early-warning system.
5. Chief Financial Officer Tim Richison will present the CEA financial report.
6. Chief Communications Officer Chris Nance will provide a marketing update to the Board on a new pilot campaign to promote renters insurance, in cooperation with the nonprofit organization *United Policyholders*, the City of Oakland, and the City and County of San Francisco.
7. Chief Mitigation Officer Janiele Maffei will update the Board on the CEA mitigation program's "Pre-Standard Project" and other earthquake-loss-mitigation-related research.
8. Ms. Maffei will update the Board on the California Residential Mitigation Program incentive program, operated by a joint powers authority whose members are CalOES and the CEA.
9. Chief Information Officer Todd Coombes will give a progress report to the Board on the 2014 CEA IT Project Portfolio.
10. Mr. Coombes will update the Board on the CEA's IT infrastructure upgrade and present the results of, and staff recommendations regarding, a recent RFP for IT-hardware provision and a recent RFQ for data-center colocation.
11. Chief Operations Officer Bob Stewart will present to the Board for its consideration and approval materials in support of the application of Hyundai Marine and Fire Insurance to become a participating insurer of the CEA.
12. Mr. Pomeroy will update the Board on the development of organizational and staff performance metrics for the CEA.
13. Mr. Pomeroy and Mr. Stewart, building on a 2012 Board-approved office-expansion framework, will request Board approval of an updated and restructured approach to the needed expansion of the CEA's office space.
14. CEA Senior Counsel Joe Zuber will brief the Board on the renewal of the CEA's Directors and Officers and Employment Practices Liability Insurance coverages and request the Board's approval to renew the policy and pay the annual policy premium.
15. The Board will meet in closed session to discuss personnel matters and litigation matters, as permitted by California Government Code section 11126, subdivisions (a) and (e), respectively.
16. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
17. Adjournment.

For further information about this notice or its contents:

General Information:

Marc Keller
(916) 661-5549 (Direct)
Toll free: (877) 797-4300

California Earthquake Authority
801 K Street, Suite 1000
Sacramento, CA 95814
Toll free (877) 797-4300

Media Contact:

Chris Nance
Chief Communications Officer
(916) 661-5521 (Direct)
nancec@calquake.com

To view this notice on the CEA Web site or to learn more about the CEA, please visit
www.EarthquakeAuthority.com

Persons with disabilities may request special accommodations at this or any future Governing Board meeting or may request the accommodation necessary to receive agendas or materials the CEA prepares for its Board meetings.

Please contact Marc Keller by telephone, toll free, at (877) 797-4300 or by email at Marc.Keller@calquake.com. We would appreciate hearing from you at least five days before the meeting date to best allow us to meet your needs.

NOTE: You might have received this notice because your name, or that of your organization, appears on a public-notice list maintained by the California Earthquake Authority. If in the future you do not wish to receive public notices pertaining to the California Earthquake Authority, please send your request by email to Marc.Keller@calquake.com.



Draft Meeting Minutes are not available.

Please see CEA Governing Board Meeting
[Approved Minutes.](#)

Governing Board Memorandum

August 28, 2014

Agenda Item 3: Executive Report by Chief Executive Officer Glenn Pomeroy

Recommended Action: No action required – information only

Chief Executive Officer Glenn Pomeroy will present his Executive Report to the Board; assisted by CEA executive staff, Mr. Pomeroy will update the Board on federal and state legislative activities of interest to the CEA.

Governing Board Memorandum

August 28, 2014

Agenda Item 4: Briefing on California's proposed Earthquake-Early-Warning System

Recommended Action: No action required – information only

Mark Ghilarducci (designee of the Governor to the CEA Governing Board and Director of the Governor's Office of Emergency Services (CalOES)) and Mark R. Johnson (Branch Chief – Earthquake and Tsunami Program – CalOES) will brief the Board on California's proposed earthquake-early-warning system.



FINANCIAL REPORT

As of June 30, 2014

Financial Report Table of Contents

Chart Title	Page
Financial Statements & Budgets	
Balance Sheet As of June 30, 2014	1
Statement of Revenues, Expenses and Changes in Net Position Year-to-Date Ended June 30, 2014	2
Insurance Services Budgeted and Actual Expenditures for 2014 Budget Year	3
Insurance Services Budgeted and Actual Expenditures for 2014 Budget Year	4
Mitigation Budgeted and Actual Expenditures for 2014 Budget Year	5
Annual Capital Accumulated from Premium As of June 30, 2014	6
Investments	
Annual Investment Income As of As of June 30, 2014	7
Investment Portfolio Distribution at Market Value CEA Liquidity & Primary Funds As of June 30, 2014	8
Investment Portfolio Distribution at Market Value Claim-Paying Funds & Mitigation Funds As of June 30, 2014	9
Debt	
Schedule of Outstanding Debt As of June 30, 2014	10
Claim-Paying Capacity	
Available Capital Report As of June 30, 2014	11
Claim-Paying Capacity As of June 30, 2014	12
Historical Totals Claim-paying Capacity (CPC) December 31, 1997 through December 31, 2006	13A
Historical Totals Claim-paying Capacity (CPC) December 31, 2007 through June 30, 2014	13B
Risk-Transfer Programs	
Risk-Transfer Program Summary As of June 30, 2014	14
Total Premium: 2014 Risk-Transfer Program Summary As of June 30, 2014	15
Annual Risk-Transfer Premium December 31, 1997 through December 31, 2006	16A
Annual Risk-Transfer Premium December 31, 2007 through June 30, 2014	16B
Annual Risk-Transfer Premium and Limit December 31, 1997 through December 31, 2006	17A
Annual Risk-Transfer Premium and Limit December 31, 2007 through June 30, 2014	17B

Note: See Fact Sheets for Policies In Force, Written Premiums, and Exposures.

Financial Statements & Budgets

California Earthquake Authority
Balance Sheet
As of June 30, 2014

Assets

Cash and investments:	
Cash and cash equivalents	\$ 128,705,500
Restricted cash & equivalents	75,067,696
Restricted investments	314,385,025
Investments	4,653,653,789
	<hr/>
Total cash and investments	5,171,812,010
Premiums receivable, net of allowance for doubtful accounts of \$6,208,993	52,076,258
Capital contributions receivable	-
Risk capital surcharge receivable	-
Interest receivable	13,832,742
Securities receivable	-
Restricted securities receivable	-
Prepaid reinsurance premium	5,367,910
Transformer reinsurance premium deposit	14,661,400
Prepaid transformer maintenance premium	208,990
Equipment, net	828,582
Deferred policy acquisition costs	40,074,174
Other assets	32,729
	<hr/>
Total assets	<u>\$ 5,298,894,795</u>

Liabilities and Net Position

Unearned premiums	\$ 306,143,423
Accounts payable and accrued expenses	2,668,864
Payable to California Residential Mitigation Program	-
Accrued reinsurance premium expense	6,112,329.00
Claim and claim expense reserves	131,342
Securities payable	-
Revenue bond payable	94,500,000
Revenue bond interest payable	2,914,853
	<hr/>
Total liabilities	412,470,811
Net position:	
Restricted, expendable	293,071,694
Unrestricted, participating insurer contributed capital	777,384,796
Unrestricted, State of California contributed capital	203,022,018
Unrestricted, all other remaining	3,612,945,476
	<hr/>
Total net position	4,886,423,984
	<hr/>
Total liabilities and net position	<u>\$ 5,298,894,795</u>

California Earthquake Authority
Statement of Revenues, Expenses and Changes in Net Position
Year-to-Date Ended June 30, 2014

Underwriting income:	
Premiums written	\$ 301,871,915
Less premiums ceded - reinsurance	(98,171,564)
Less risk capital surcharge	-
	<hr/>
Net premiums written	203,700,351
	<hr/>
Change in unearned premiums	(9,733,198)
	<hr/>
Net unearned premiums	(9,733,198)
	<hr/>
Net premiums earned	193,967,153
	<hr/>
Expenses:	
Claim and claims expense	328,841
Participating Insurer commissions	29,223,721
Participating Insurer operating costs	10,023,581
Reinsurance broker commissions	2,433,333
Pro forma premium taxes	7,093,990
Other underwriting expenses	9,888,292
	<hr/>
Total expenses	58,991,758
	<hr/>
Underwriting profit	134,975,395
Net investment income	14,895,175
Other income	205,683
Financing expenses, net	(2,070,033)
Earthquake Loss Mitigation Fund expenses	(290,061)
Participating Insurer Contributed Capital	-
State of California premium tax contribution	7,093,990
	<hr/>
Increase in net position	154,810,149
Net position, beginning of year	4,731,613,835
Net position, end of year to date	<u><u>\$ 4,886,423,984</u></u>

CALIFORNIA EARTHQUAKE AUTHORITY
Insurance Services
Budgeted and Actual Expenditures
2014 Budget Year

	(a)	(b)	(c)	(d) (d=a+b+c)	(e)	(f) (f=d-e)	(g) (g=e/d)
	<u>Approved 2014 Budget 1/1/2014</u>	<u>Adjustments thru 6/30/2014</u>	<u>Augmentations thru 6/30/2014</u>	<u>2014 Budget after Augmentations and Adjustments</u>	<u>Actual Expenditures as of 6/30/2014</u>	<u>Augmented & Adjusted Approved Budget (d) vs. Actual Expenses (e) as of 6/30/2014</u>	<u>Percentage used of Augmented & Adjusted Approved 2014 Budget</u>
Salaries & Benefits	11,679,999	-	-	11,679,999	4,966,706	6,713,293	42.52%
Rent	753,615	-	-	753,615	373,359	380,256	49.54%
Travel	405,987	-	-	405,987	157,298	248,689	38.74%
Non-paid Consultant Travel	2,000	-	-	2,000	-	2,000	0.00%
Telecommunications	181,140	-	-	181,140	82,837	98,303	45.73%
Training	285,719	-	-	285,719	90,859	194,860	31.80%
Insurance	167,500	-	-	167,500	90	167,410	0.05%
Board/Panel Services	35,000	-	-	35,000	7,787	27,213	22.25%
Administration & Office (Software Maint & Support, Printing & Stationery, Postage)	1,268,015	-	-	1,268,015	187,981	1,080,034	14.82%
Other Administrative Services	34,885	-	-	34,885	10,398	24,487	29.81%
Furniture/Equipment	47,600	-	-	47,600	25,518	22,082	53.61%
EDP Hardware/Software	689,665	-	-	689,665	62,536	627,129	9.07%
Dept of Insurance Examination	50	-	-	50	3,450	(3,400)	6900.00%
Total Operating Expenses	\$ 15,551,175	\$ -	\$ -	\$ 15,551,175	\$ 5,968,819	\$ 9,582,356	38.38%
Consulting Services							
Claims	10,000	-	-	10,000	-	10,000	0.00%
Compliance	150,000	-	-	150,000	-	150,000	0.00%
Executive Recruiting	75,000	-	-	75,000	-	75,000	0.00%
Financial Consulting	260,000	-	-	260,000	38,174	221,826	14.68%
Government Relations	190,000	-	-	190,000	52,500	137,500	27.63%
Human Resources	395,000	-	-	395,000	45,876	349,124	11.61%
Information Systems	145,000	-	-	145,000	4,702	140,298	3.24%
Internal Audit	50,000	-	-	50,000	-	50,000	0.00%
Investment Compliance	40,000	-	-	40,000	-	40,000	0.00%
Public Relations	100,000	-	-	100,000	-	100,000	0.00%
Other Consulting Services	190,000	-	-	190,000	8,116	181,884	4.27%
Total Consulting Services	\$ 1,605,000	\$ -	\$ -	\$ 1,605,000	\$ 149,368	\$ 1,455,632	9.31%

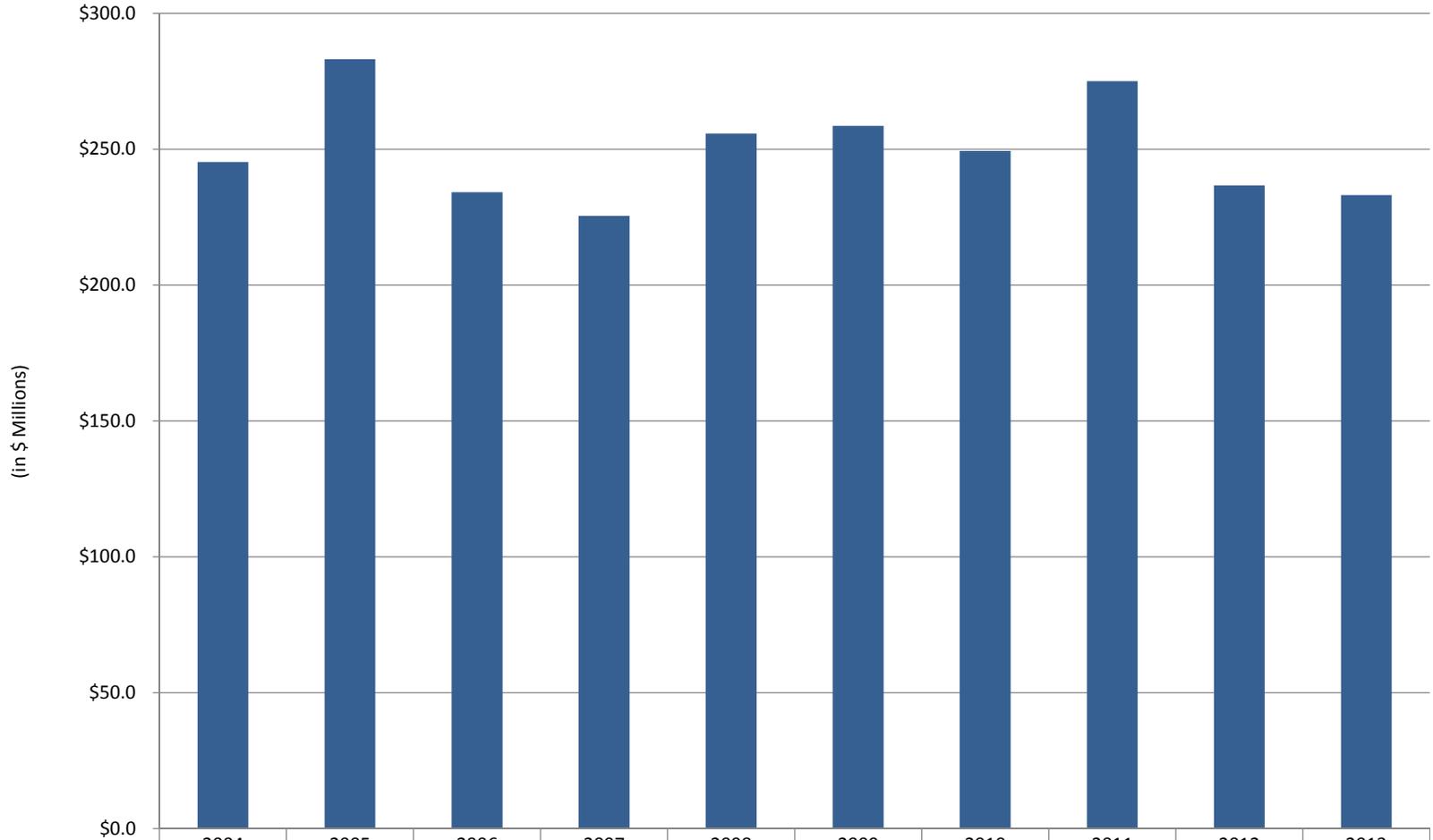
CALIFORNIA EARTHQUAKE AUTHORITY
Insurance Services
Budgeted and Actual Expenditures
2014 Budget Year

	(a)	(b)	(c)	(d) (d=a+b+c)	(e)	(f) (f=d-e)	(g) (g=e/d)
	<u>Approved 2014 Budget 1/1/2014</u>	<u>Adjustments thru 6/30/2014</u>	<u>Augmentations thru 6/30/2014</u>	<u>2014 Budget after Augmentations and Adjustments</u>	<u>Actual Expenditures as of 6/30/2014</u>	<u>Augmented & Adjusted Approved Budget (d) vs. Actual Expenses (e) as of 6/30/2014</u>	<u>Percentage used of Augmented & Adjusted Approved 2014 Budget</u>
Contracted Services							
Agent Services	70,000	-	-	70,000	43,246	26,754	61.78%
Audit Services	109,000	-	-	109,000	-	109,000	0.00%
IT Services	2,591,005	-	-	2,591,005	495,308	2,095,697	19.12%
Legal Services - Claims Counsel	300,000	-	-	300,000	-	300,000	0.00%
Legal Service - Non-Claims	7,355,000	-	-	7,355,000	568,874	6,786,126	7.73%
Marketing Services	8,878,000	-	-	8,878,000	1,266,844	7,611,156	14.27%
Modeling Services	711,000	-	-	711,000	250,250	460,750	35.20%
Rating Agencies	197,350	-	-	197,350	-	197,350	0.00%
Staffing Services - Support and Admin	3,106,214	-	-	3,106,214	1,343,993	1,762,221	43.27%
Other Contracted Services	50,000	-	-	50,000	-	50,000	0.00%
Total Contracted Services	\$ 23,367,569	\$ -	\$ -	\$ 23,367,569	\$ 3,968,515	19,399,054	16.98%
Research	200,000	-	-	200,000	198,099	1,901	99.05%
Participating Insurer Commissions	56,742,287	-	-	56,742,287	30,197,041	26,545,246	53.22%
Participating Insurer Operating Costs	17,533,367	-	-	17,533,367	9,316,542	8,216,825	53.14%
Investment Expenses	2,422,156	-	-	2,422,156	1,078,427	1,343,729	44.52%
Financing Expenses	5,079,788	-	-	5,079,788	3,042,376	2,037,412	59.89%
Risk Transfer	222,221,550	-	-	222,221,550	100,604,897	121,616,653	45.27%
Total Expenditures	\$ 344,722,892	\$ -	\$ -	\$ 344,722,892	\$ 154,524,084	\$ 190,198,808	44.83%

CALIFORNIA EARTHQUAKE AUTHORITY
Mitigation
Budgeted Expenditures and Actual Expenditures
2014 Budget Year

	(a)	(b)	(c)	(d) (d=a+b+c)	(e)	(f) (f=d-e)	(g) (g=e/d)
	<u>Approved 2014 Budget 1/1/2014</u>	<u>Adjustments thru 6/30/2014</u>	<u>Augmentations thru 6/30/2014</u>	<u>2014 Budget after Augmentations and Adjustments</u>	<u>Actual Expenditures as of 6/30/2014</u>	<u>Augmented & Adjusted Approved Budget (d) vs. Actual Expenses (e) as of 6/30/2014</u>	<u>Percentage used of Augmented & Adjusted Approved 2014 Budget</u>
Salaries & Benefits	647,379	-	-	647,379	163,801	483,578	25.30%
Rent	33,120	-	-	33,120	15,709	17,411	47.43%
Travel	50,000	-	-	50,000	9,974	40,026	19.95%
Non-paid Consultant Travel	5,000	-	-	5,000	-	5,000	0.00%
Telecommunications	10,800	-	-	10,800	2,783	8,017	25.77%
Training	22,880	-	-	22,880	8,093	14,787	35.37%
Administration & Office (Software Maint & Support, Printing & Stationery, Postage)	113,600	-	-	113,600	24,198	89,402	21.30%
Furniture/Equipment	1,000	-	-	1,000	-	1,000	0.00%
EDP Hardware/Software	-	-	-	-	-	-	0.00%
Total Operating Expenses	\$ 883,779	\$ -	\$ -	\$ 883,779	\$ 224,558	\$ 659,221	25.41%
Consulting Services							
Other Consulting Services	100,000	-	-	100,000	-	100,000	0.00%
Total Consulting Services	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	0.00%
Contracted Services							
Legal Services - Non-Claims	50,000	-	-	50,000	-	50,000	0.00%
Mitigation Projects	850,000	-	-	850,000	35,481	814,519	4.17%
Staffing Services - Support and Admin	222,436	-	-	222,436	30,024	192,412	13.50%
Other Contracted Services	50,000	-	-	50,000	-	50,000	0.00%
Total Contracted Services	\$ 1,172,436	\$ -	\$ -	\$ 1,172,436	\$ 65,505	\$ 1,106,931	5.59%
CRMP Contribution	-	-	-	-	-	-	0.00%
Investment Expenses	16,800	-	-	16,800	10,191	6,609	60.66%
Total Expenditures	\$ 2,173,015	\$ -	\$ -	\$ 2,173,015	\$ 300,254	\$ 1,872,761	13.82%

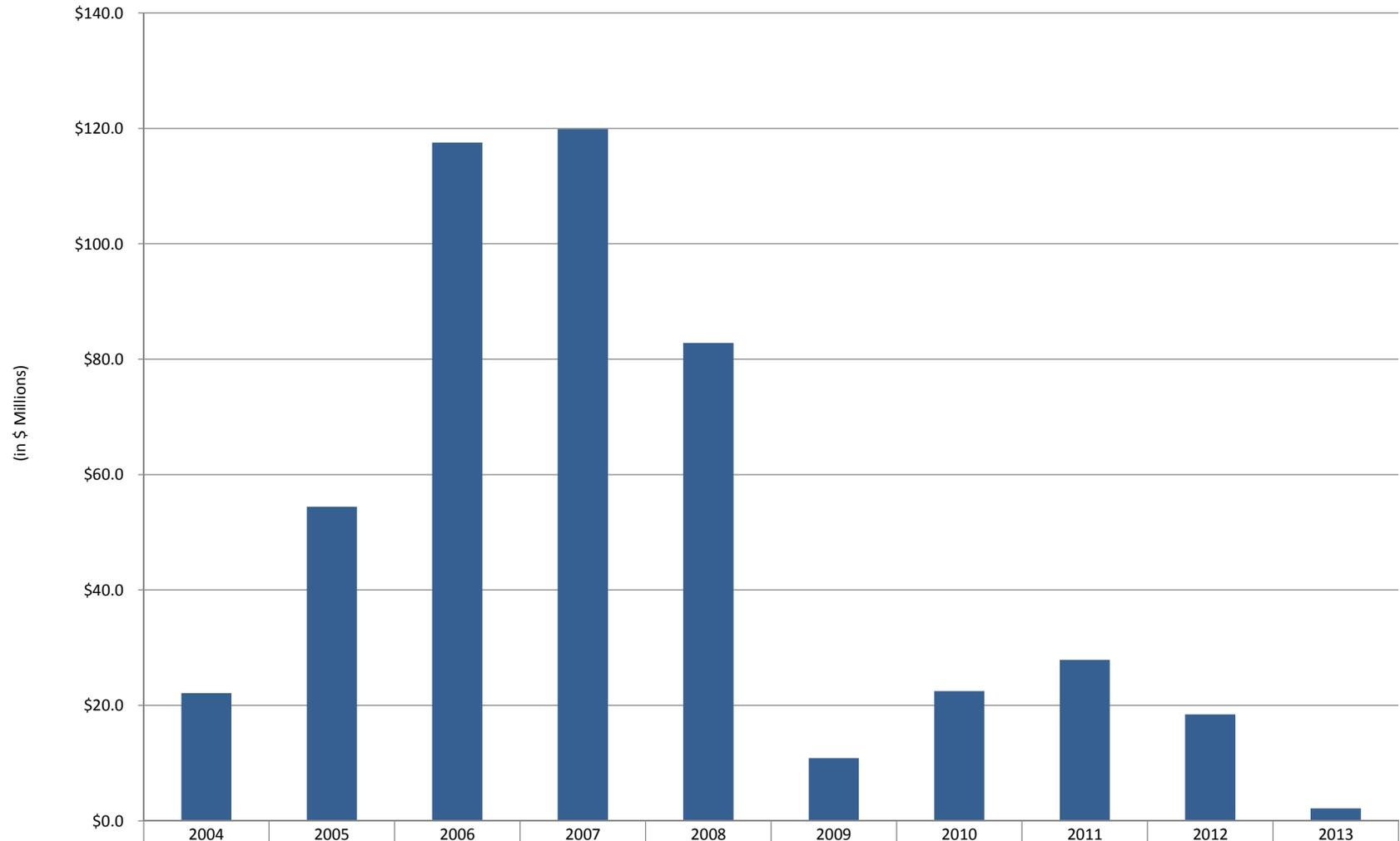
**California Earthquake Authority
Annual Capital Accumulated from Premium
As of December 31, 2013**



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital Accumulated from Premium	\$245.2	\$283.1	\$234.1	\$225.5	\$255.7	\$258.6	\$249.3	\$275.0	\$236.7	\$233.1

Investments

**California Earthquake Authority
Annual Investment Income
As of December 31, 2013**

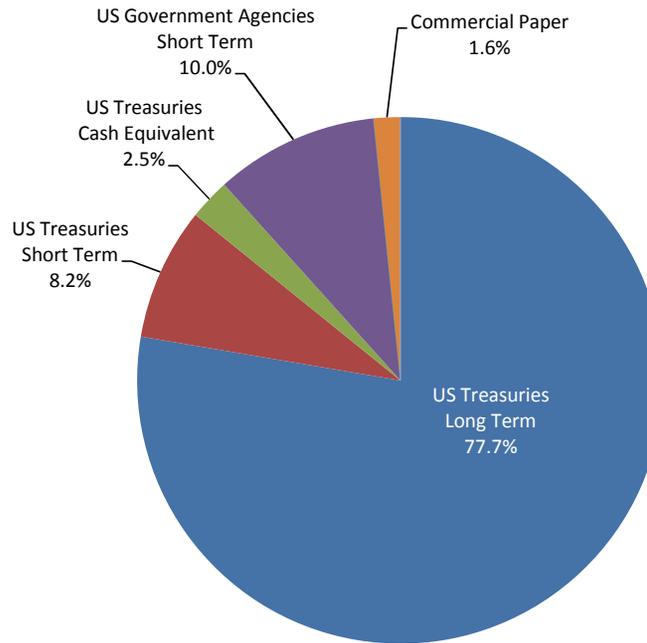


NOTE: Prior to 2009, investment income was reported from FASB financial statements which did not include unrealized gains or losses and were net of manager fees.

California Earthquake Authority
Investment Portfolio Distribution at Market Value
As of June 30, 2014

CEA Liquidity & Primary Funds:	\$4,773,114,001
US Treasuries Long Term	77.7%
US Treasuries Short Term	8.2%
US Treasuries Cash Equivalent	2.5%
US Government Agencies Short Term	10.0%
US Government Agencies Cash Equivalent	0.0%
Commercial Paper	1.6%
Commercial Paper Cash Equivalent	0.0%
Total:	100.0%

CEA Liquidity & Primary Funds

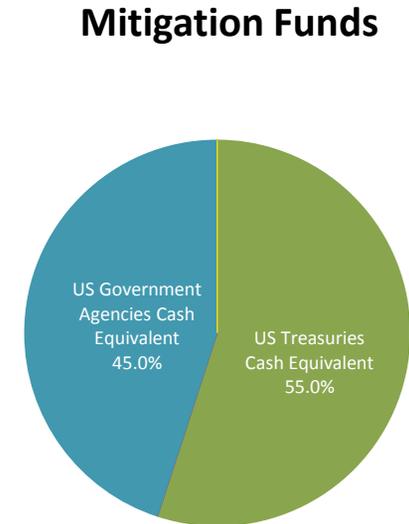
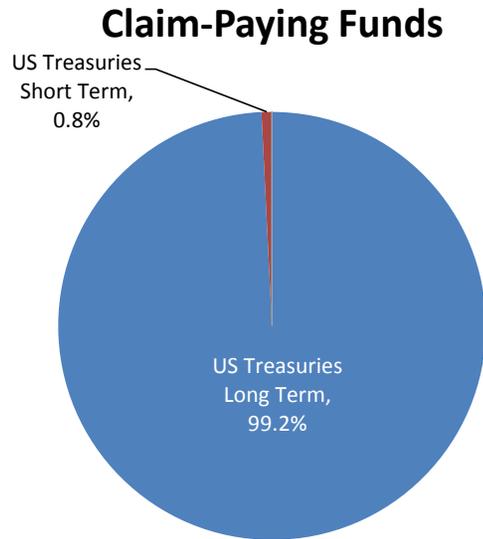


Note: All CEA investment portfolios are managed by outside firms.

**California Earthquake Authority
Investment Portfolio Distribution at Market Value
As of June 30, 2014**

Claim-Paying Funds:	\$314,385,197
US Treasuries Long Term	99.2%
US Treasuries Short Term	0.8%
US Treasuries Cash Equivalent	0.0%
US Government Agencies Short Term	0.0%
US Government Agencies Cash Equivalent	0.0%
Commercial Paper	0.0%
Commercial Paper Cash Equivalent	0.0%
Total:	100.0%

Mitigation Funds:	\$24,128,238
US Treasuries Long Term	0.0%
US Treasuries Short Term	0.0%
US Treasuries Cash Equivalent	55.0%
US Government Agencies Short Term	0.0%
US Government Agencies Cash Equivalent	45.0%
Commercial Paper	0.0%
Commercial Paper Cash Equivalent	0.0%
Total:	100.0%



Debt

**California Earthquake Authority
Schedule of Outstanding Debt**

DEBT	ISSUANCE AMOUNT	INTEREST RATE	NET PROCEEDS	OUTSTANDING PRINCIPAL	AS OF DATE	MOODY'S RATING*	FITCH RATING*
Series 2006 Revenue Bonds	\$ 315,000,000	6.169%	\$ 310,829,067	\$ 94,500,000	30-Jun-2014	A3 Outlook Stable	A Outlook Stable

DEBT-SERVICE SCHEDULE

The table below shows the annual-debt-service requirements for the Series 2006 Bonds.

Period Ending	Outstanding Principal	Principal	Interest	Debt Service	Annual Debt Service
1-Jan-14	\$94,500,000		\$2,914,853	\$2,914,853	
1-Jul-14	\$63,000,000	\$31,500,000	\$2,914,853	\$34,414,853	
2014					\$37,329,706
1-Jan-15	\$63,000,000		\$1,943,235	\$1,943,235	
1-Jul-15	\$31,500,000	\$31,500,000	\$1,943,235	\$33,443,235	
2015					\$35,386,470
1-Jan-16	\$31,500,000		\$971,618	\$971,618	
1-Jul-16		\$31,500,000	\$971,618	\$32,471,618	
2016					\$33,443,236

*Ratings of 'A3' and 'A' since 2006 (These ratings were reaffirmed in 2013)

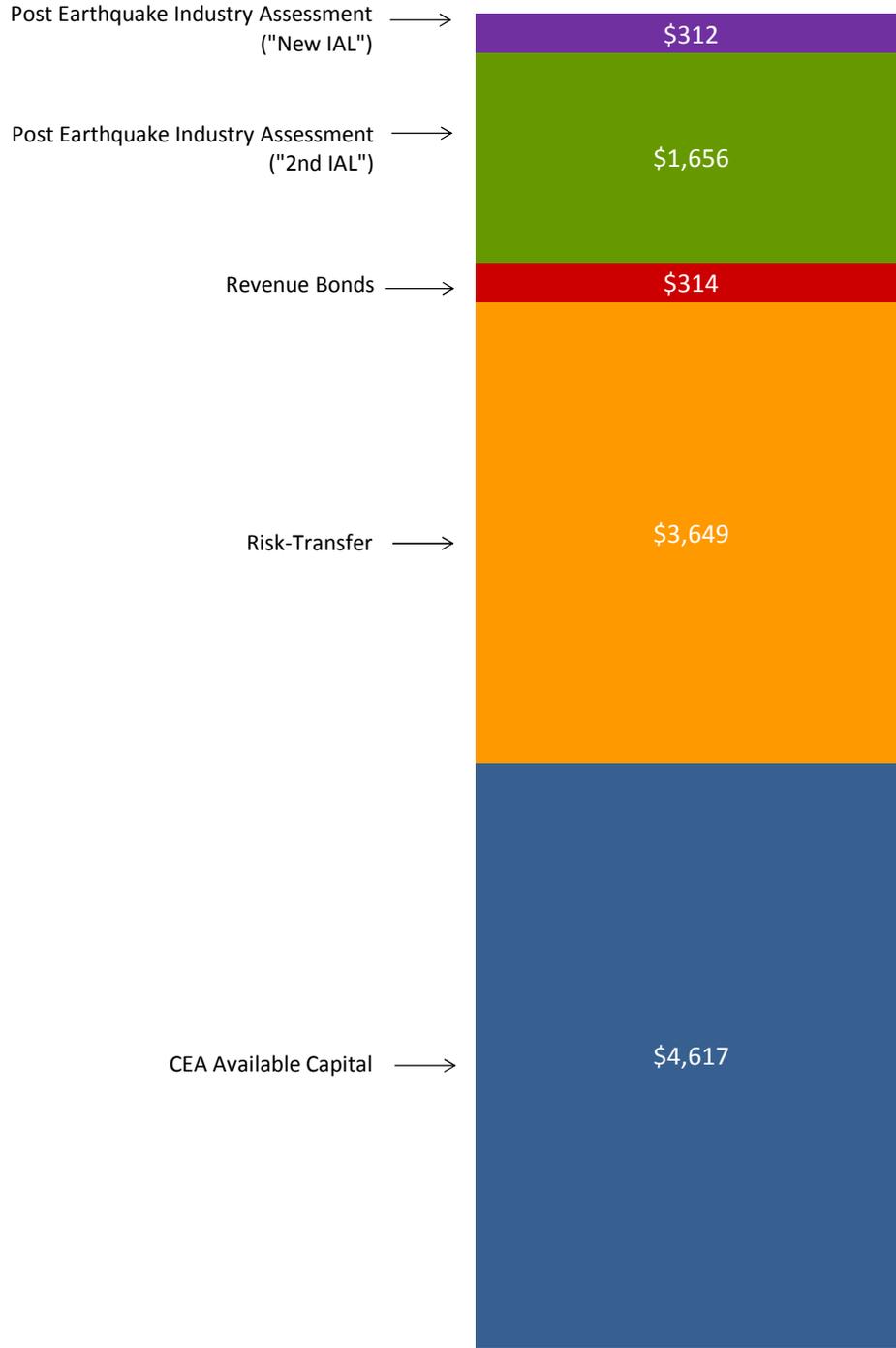
Claim-Paying Capacity

**California Earthquake Authority
Available Capital Report
As of June 30, 2014**

Cash & Investments (includes capital contributions and premiums)	\$ 5,147,682,887 *
Interest, Securities & Restricted Securities Receivable	\$ 13,832,742
Premium Receivable	\$ 52,076,258
Risk Capital Surcharge & Capital Contributions Receivable	\$ -
Other Assets	\$ 32,729
Revenue Bonds	\$ (314,385,197)
Debt Service (Interest, Principal & Debt Service (Min. Bal.))	\$ (50,936,951)
Unearned Premium Collected	\$ (222,348,845)
Accrued Reinsurance Premium Expense	\$ (6,112,329)
Accounts and Securities Payable, and Accrued Expenses	\$ (2,668,864)
CEA Available Capital	<u><u>\$ 4,617,172,430</u></u>

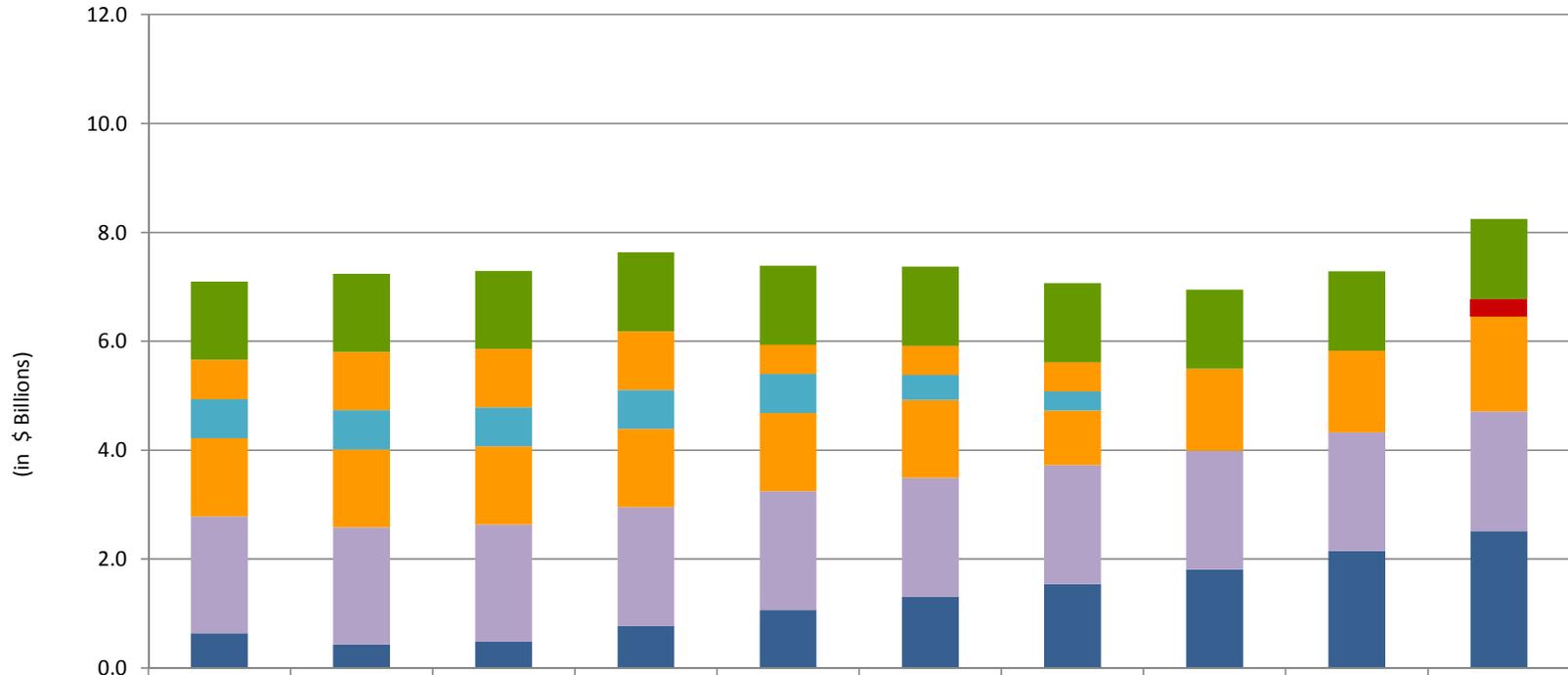
* Does not include Earthquake Loss Mitigation Fund cash and investments of \$24,129,123

**California Earthquake Authority
Claim-paying Capacity
As of June 30, 2014**



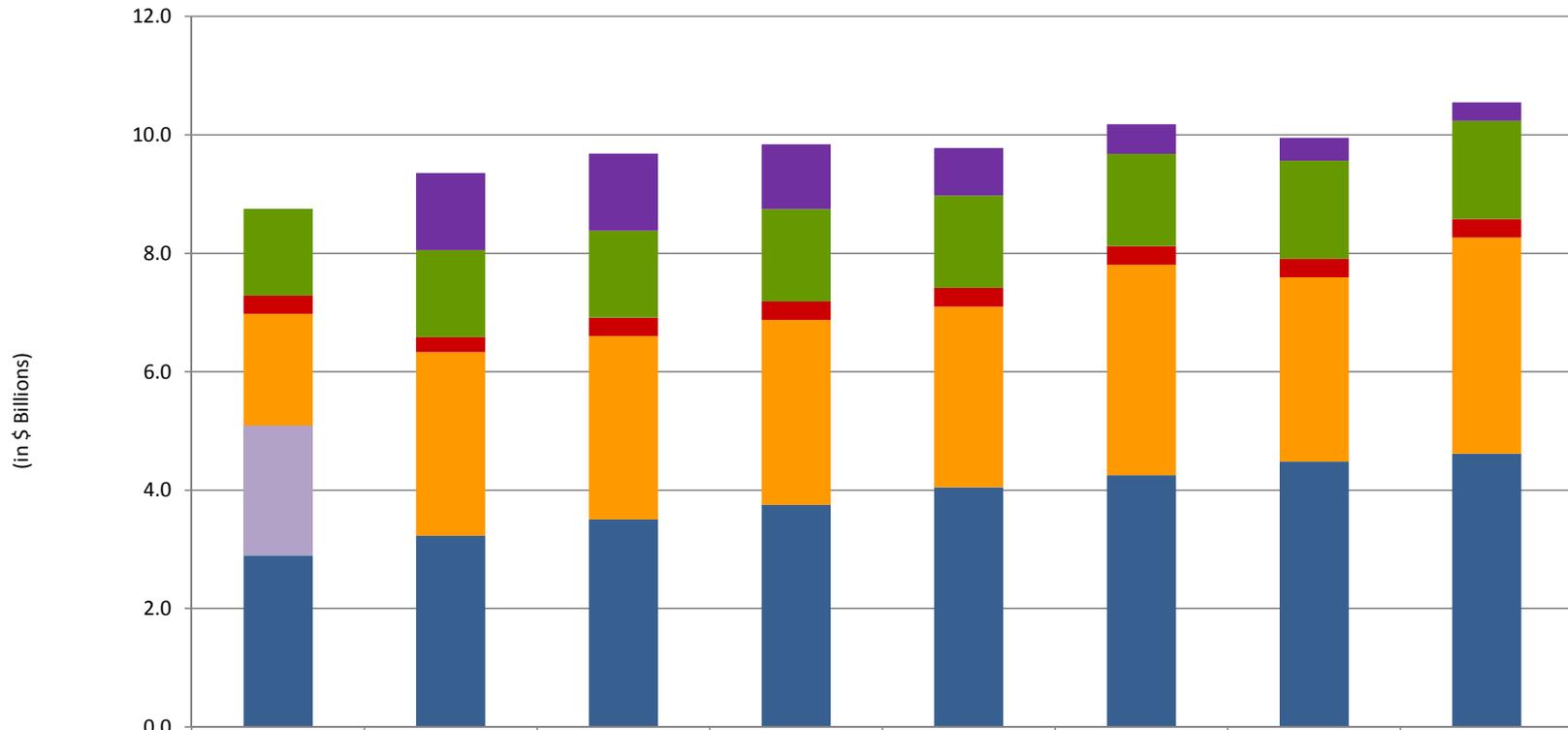
Total Capacity \$10,548M

**California Earthquake Authority
Historical Totals Claim-Paying Capacity (CPC)
December 31, 1997 through December 31, 2006**



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total CPC	\$7.095	\$7.240	\$7.293	\$7.635	\$7.390	\$7.373	\$7.069	\$6.948	\$7.284	\$8.244
New Industry Assessment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2nd Industry Assessment	1.434	1.434	1.434	1.456	1.456	1.456	1.456	1.456	1.456	1.465
Revenue Bonds	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.311
Risk-Transfer, 2nd Layer	0.727	1.075	1.075	1.075	0.538	0.538	0.538	0.000	0.000	0.000
Line of Credit	0.716	0.716	0.716	0.716	0.716	0.456	0.348	0.000	0.000	0.000
Risk Transfer, 1st Layer	1.433	1.433	1.433	1.433	1.433	1.433	1.000	1.500	1.500	1.756
1st Industry Assessment	2.150	2.150	2.150	2.183	2.183	2.183	2.183	2.183	2.183	2.197
CEA Available Capital	0.635	0.432	0.485	0.772	1.064	1.307	1.544	1.809	2.145	2.515

**California Earthquake Authority
Historical Totals Claim-Paying Capacity (CPC)
December 31, 2007 through June 30, 2014**



	2007	2008	2009	2010	2011	2012	2013	2014*
Total CPC	8.752	9.354	9.685	9.840	9.777	10.179	9.949	10.548
New Industry Assessment	0.000	1.304	1.304	1.095	0.804	0.500	0.385	0.312
2nd Industry Assessment	1.465	1.465	1.465	1.558	1.558	1.558	1.656	1.656
Revenue Bonds	0.311	0.254	0.311	0.311	0.317	0.314	0.314	0.314
Risk Transfer, 1st Layer	1.885	3.100	3.100	3.123	3.050	3.557	3.115	3.649
1st Industry Assessment	2.197	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CEA Available Capital	2.894	3.231	3.505	3.753	4.048	4.250	4.478	4.617

*As of June 30, 2014

Risk-Transfer Programs

**California Earthquake Authority
Risk-Transfer Program
As of June 30, 2014**

Traditional Reinsurance Contracts	Contract Period	Reinsurance Limit	12-Month Rate-on-Line	12-Month Premium
2014 January Program Contract 1	January 1, 2014 - December 31, 2014	460,758,100	5.40%	24,880,937
2014 January Program Contract 2	January 1, 2014 - December 31, 2014	50,000,000	4.95%	2,475,000
2014 January Program Contract 3	January 1, 2014 - December 31, 2014	99,999,960	6.75%	6,749,997
2014-2015 January Program Contract 1	January 1, 2014 - December 31, 2015	454,227,620	5.50%	24,982,519
2014-2015 January Program Contract 2	January 1, 2014 - December 31, 2015	49,999,996	6.45%	3,225,000
2013-2015 April Program Contract 2	April 1, 2013 - March 31, 2015	84,999,960	5.30%	4,504,998
2014-2015 April Program Contract 1	April 1, 2014 - March 31, 2015	518,583,000	3.70%	19,187,571
2014-2016 April Program Contract 1	April 1, 2014 - March 31, 2016	253,099,320	3.85%	9,744,324
2014-2016 April Program Contract 2	April 1, 2014 - March 31, 2016	122,499,960	3.75%	4,593,749
2013-2016 May Program	May 1, 2013 - April 30, 2016	100,000,000	5.60%	5,600,000
2013-2015 June Program	June 1, 2013 - May 31, 2015	50,000,000	5.65%	2,825,000
2013-2014 August Program Contract 1	August 1, 2013 - July 31, 2014	299,999,920	5.90%	17,699,995
2013-2014 August Program Contract 2	August 1, 2013 - July 31, 2014	130,000,000	5.80%	7,540,000
2013-2015 August Program Contract 3	August 1, 2013 - July 31, 2015	250,000,000	5.90%	14,750,000
2013-2014 August Program Contract 4	August 1, 2013 - July 31, 2014	24,999,000	7.10%	1,774,929
2012-2015 September Program	September 1, 2012 - August 31, 2015	100,000,000	5.70%	5,700,000
Total Traditional Reinsurance		3,049,166,836		

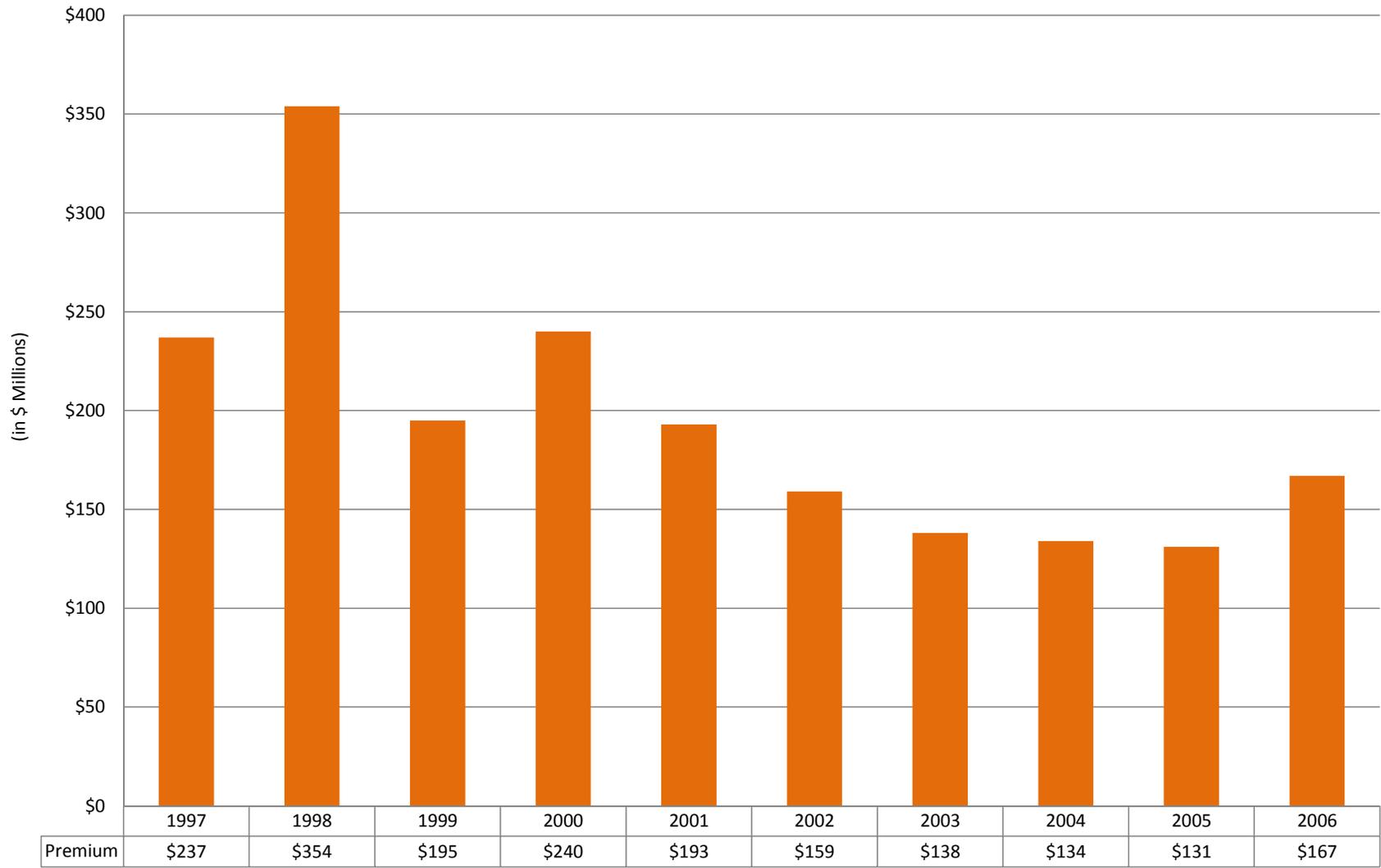
Transformer Reinsurance Contracts	Contract Period	Reinsurance Limit	12-Month Rate-on-Line	12-Month Premium
Transformer Contract 1 (2011 - I)	August 2, 2011 – August 8, 2014	150,000,000	8.59%	12,886,027
Transformer Contract 2 (2012 - I)	February 7, 2012 – February 13, 2015	150,000,000	7.44%	11,159,145
Transformer Contract 3 (2012 - II)	August 1, 2012 – August 7, 2015	300,000,000	5.04%	15,121,864
Total Transformer Reinsurance		600,000,000		

Total Risk-Transfer Program	3,649,166,836
------------------------------------	----------------------

**California Earthquake Authority
2014 Total Premium Risk-Transfer Program
As of June 30, 2014**

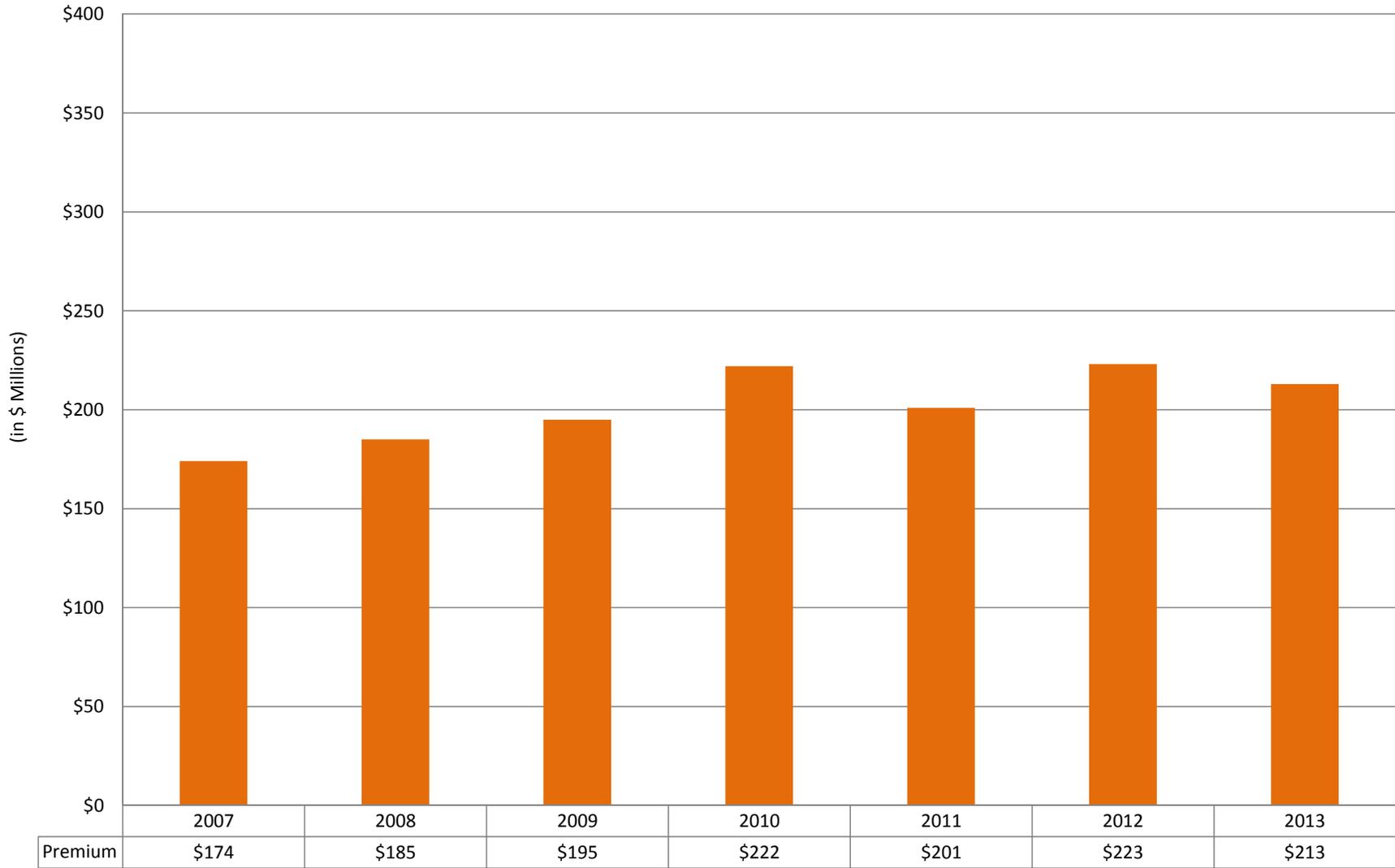
Traditional Reinsurance Contracts	Contract Period	2014 Premium
2013-2014 April Program Contract 1	April 1, 2013 - March 31, 2014	10,068,675
2013-2014 August Program Contract 1	August 1, 2013 - July 31, 2014	10,324,997
2013-2014 August Program Contract 2	August 1, 2013 - July 31, 2014	4,398,333
2013-2014 August Program Contract 4	August 1, 2013 - July 31, 2014	1,035,375
2014 January Program Contract 1	January 1, 2014 - December 31, 2014	24,880,937
2014 January Program Contract 2	January 1, 2014 - December 31, 2014	2,475,000
2014 January Program Contract 3	January 1, 2014 - December 31, 2014	6,749,997
2013-2015 April Program Contract 2	April 1, 2013 - March 31, 2015	4,504,998
2014-2015 April Program Contract 1	April 1, 2014 - March 31, 2015	14,390,678
2013-2015 June Program	June 1, 2013 - May 31, 2015	2,825,000
2013-2015 August Program Contract 3	August 1, 2013 - July 31, 2015	14,750,000
2012-2015 September Program	September 1, 2012 - August 31, 2015	5,700,000
2014-2015 January Program Contract 1	January 1, 2014 - December 31, 2015	24,982,519
2014-2015 January Program Contract 2	January 1, 2014 - December 31, 2015	3,225,000
2014-2016 April Program Contract 1	April 1, 2014 - March 31, 2016	7,308,243
2014-2016 April Program Contract 2	April 1, 2014 - March 31, 2016	3,445,311
2013-2016 May Program	May 1, 2013 - April 30, 2016	5,600,000
Total Traditional Reinsurance Premium		146,665,063
Transformer Reinsurance Contracts	Contract Period	2014 Premium
Transformer Contract 1 (2011 - I)	August 2, 2011 – August 8, 2014	7,516,849
Transformer Contract 2 (2012 - I)	February 7, 2012 – February 13, 2015	11,159,145
Transformer Contract 3 (2012 - II)	August 1, 2012 – August 7, 2015	15,121,864
Total Transformer Reinsurance Premium		33,797,858
Total Risk-Transfer Program Premium		180,462,921

**California Earthquake Authority
Annual Risk-Transfer Premium
December 31, 1997 - December 31, 2006**



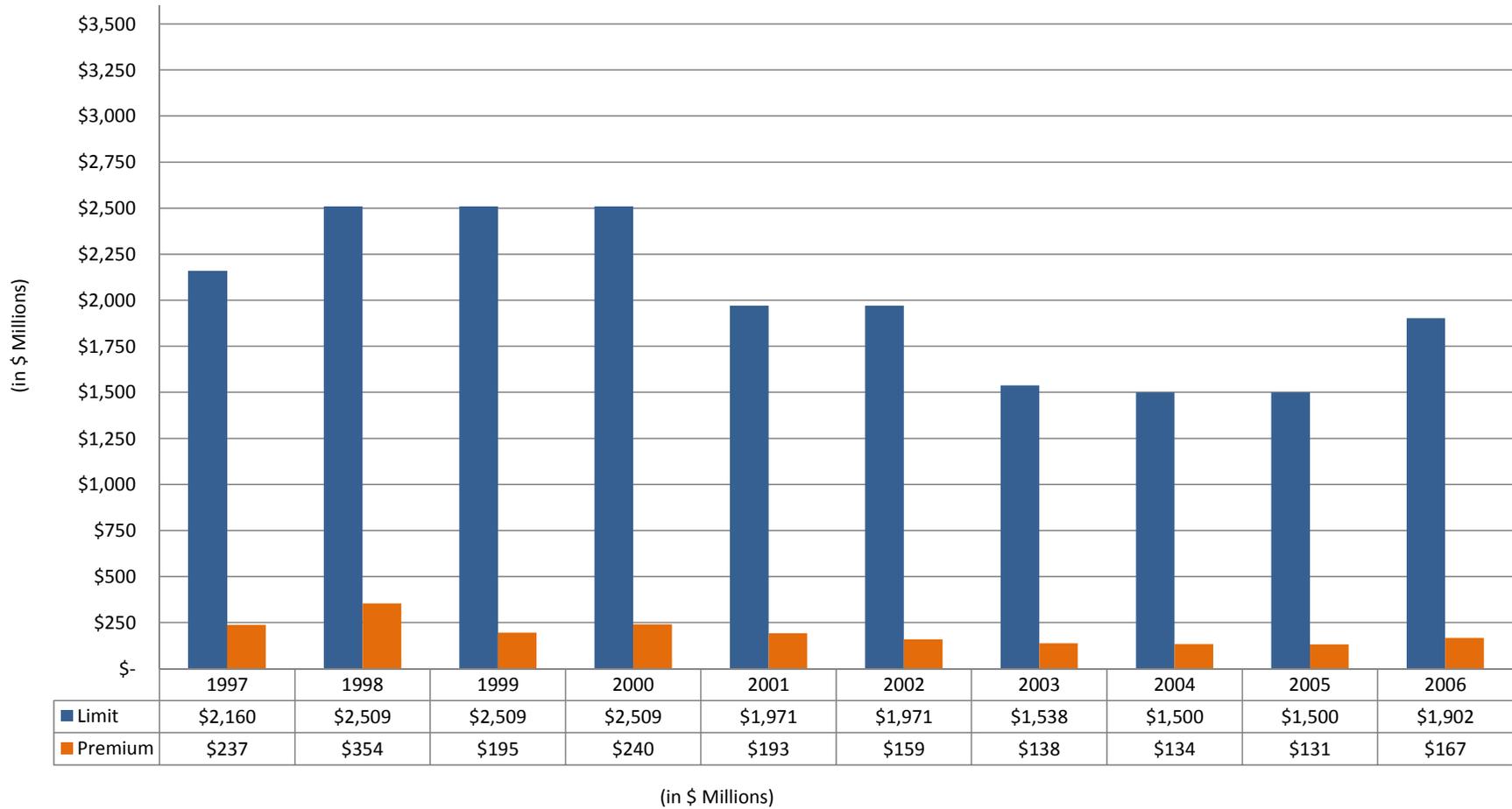
(in \$ Millions)

**California Earthquake Authority
Annual Risk-Transfer Premium
December 31, 2007 - December 31, 2013**

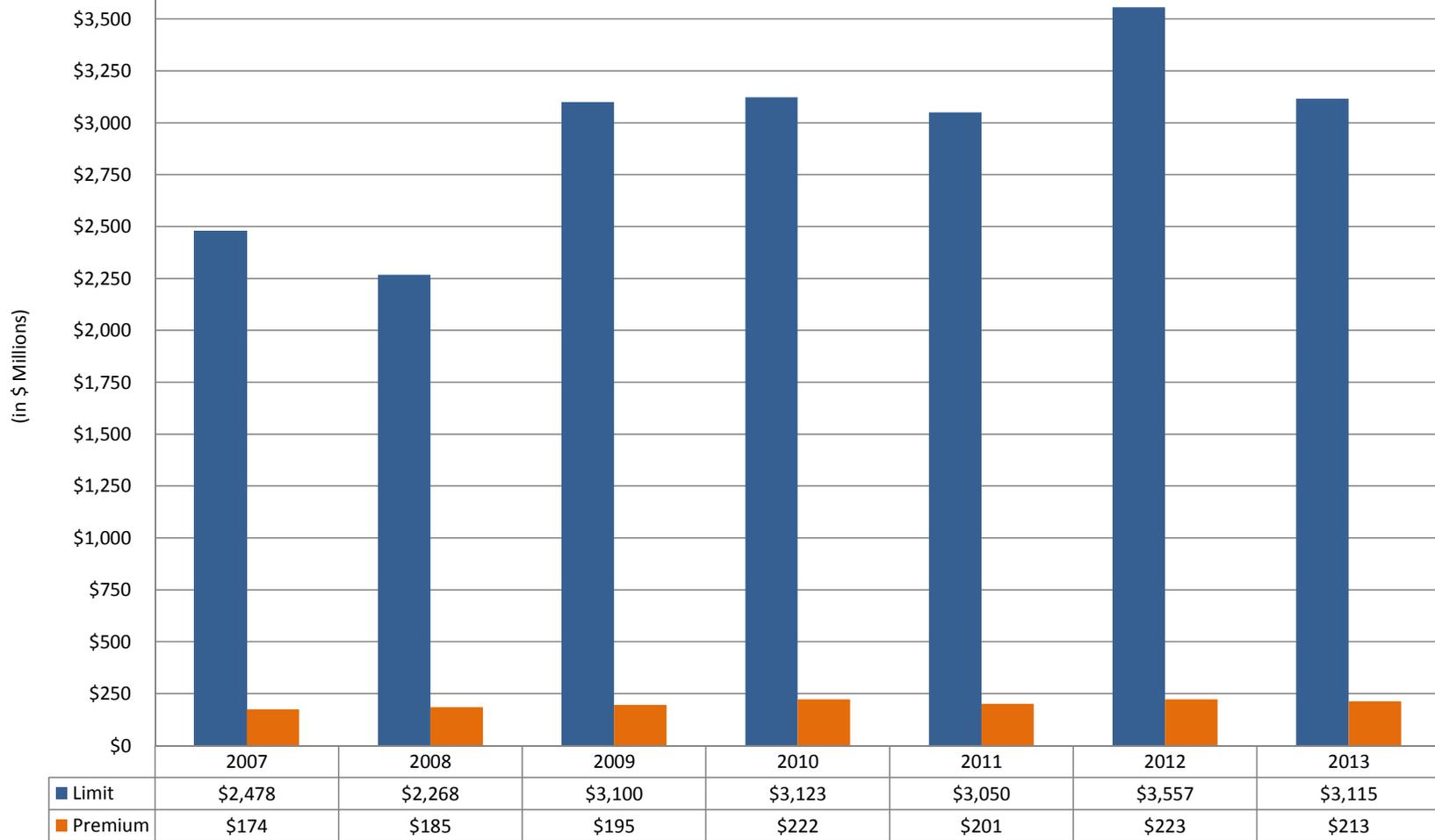


(in \$ Millions)

**California Earthquake Authority
Annual Risk-Transfer Premium and Limit
December 31, 1997 - December 31, 2006**



**California Earthquake Authority
Annual Risk-Transfer Premium and Limit
December 31, 2007 - December 31, 2013**



(in \$ Millions)

Governing Board Memorandum

August 28, 2014

Agenda Item 6: Bay Area Renters Initiative: Update

Recommended Action: No Action – Information Only

CEA Communications & External Affairs has worked successfully to assemble a group of public-minded parties – nonprofit United Policyholders, the City and County of San Francisco, and the City of Oakland – to help educate the population representing the largest proportion of Bay Area residents who are not insured for disasters – specifically, renters not insured for earthquakes.

Background:

According to the SPUR Report, *On Solid Ground: How Good Land Use Planning Can Prepare the Bay Area for a Strong Disaster Recovery* (Pages 48, 49):

In most areas of the United States, insurance is a foundational element of a community's disaster recovery. However, Californians are significantly underinsured against the risk posed by earthquakes... Absent private insurance, most California homeowners will be looking to the public sector and their own pocketbooks for the resources to rebuild after the next major earthquake.¹

City/County of San Francisco:

Census data (households (2010)):

- a. Occupied – 345,811
- b. Owner-occupied – 123,646 or 36 percent
- c. Renter-occupied – 222,165 or 64 percent
- d. Population in renter-occupied – 452,986 at 56 percent (805,235)

From the California Department of Insurance (2011 data):

- a. 65,000 have renters insurance – up to 29 percent
- b. 7,800 have separate earthquake insurance policies – as low as 2 percent

The average annual cost for a CEA renters earthquake policy in San Francisco is \$167.25.

City of Oakland:

Census data (households (2010 data)):

- a. Occupied – 153,791

¹ SPUR originated in San Francisco in 1910. Its work spans Community Planning, Disaster Planning, Economic Development, Good Government, Housing, Regional Planning, Sustainable Development and Transportation. SPUR is a member-supported nonprofit organization, which notes that it is “a leading civic planning organization and respected for our independent and holistic approach to urban issues.”

Until 2013, it was known as San Francisco Planning and Urban Research Association—today, with locations in San Francisco and San Jose and Bay-Area-wide reach, it known as SPUR. Source: www.spur.org.

- b. Owner-occupied – 63,142 or 41 percent
- c. Renter-occupied – 90,649 or 59 percent
- d. Population in renter-occupied – 215,924 at 55 percent (390,724)

From the California Department of Insurance (2011 data):

- a. 14,000 have renters insurance – up to 15 percent
- b. 1,275 have earthquake insurance – around 1 percent

*The average annual cost for a CEA renters earthquake policy in Oakland is \$169.15.

Analysis:

A paid-media campaign has been developed within CEA’s approved 2014 budget to promote the purchase of renters insurance. It is scheduled to run September 1-28, 2014. Neighborhoods in San Francisco and Oakland with high percentages of renters will be targeted.

Transit, outdoor, and television and radio ads feature *Extra* host Mario López, who directs Bay Area renters to the consumer-focused United Policyholders website – which lists all carriers offering renters insurance – for more information.



TV PSA Script

“If you rent, listen up. In the event of a fire or an earthquake, would you have the cash to replace your stuff?”



I’m Mario Lopez and there’s an affordable way to protect your furniture, clothes, laptop, bikes... whatever you got.



Get renters insurance. And for earthquakes, you need a separate policy. Both can help you recover from unexpected disasters.

United Policyholders is a nonprofit that can help you learn more about renters insurance.



Got to U P Help dot org. That’s UP help.org.”

Announcer: This message is brought to you by these partners.

The ads deliver more than 42 million gross impressions throughout the Bay Area, feature logos from United Policyholders, CEA, City and County of San Francisco, and City of Oakland:

- Transit PSAs will run four weeks (9/1, 9/8, 9/15, 9/22).
- Radio PSAs will run on six radio stations for four weeks (9/1, 9/8, 9/15, 9/22).
- And cable and limited local network TV PSAs will run for three weeks (9/1, 9/8, 9/15).

Recommendation:

No recommendation – information only.

Governing Board Memorandum

August 28, 2014

Agenda Item 7: CEA Mitigation Program: Pre-Standard and Research Projects

Recommended Action: No action required – information only

Background and Analysis:

The California Earthquake Authority and the Applied Technology Council (“ATC”) contracted in November 2013 to collaborate on a project entitled *ATC-110: Development of a Prestandard for the Evaluation and Retrofit of One and Two Family Light Frame Residential Buildings*.

The objective of this multi-year project is to develop a pre-standard¹ for the evaluation and retrofit of one- and two-family light-frame residential buildings.

As currently envisioned, work will build on available technical-resource documents, extending them beyond their current reach to develop a single, standalone engineering-resource document that addresses both structural and nonstructural evaluation and retrofit of wood light-frame residential buildings. The beneficiaries will be homeowners who wish to improve the expected seismic performance of their houses.

The work is co-funded by the CEA and the Federal Emergency Management Agency (FEMA).

In cooperation with FEMA’s Mike Mahoney and CEA Chief Mitigation Officer Janiele Maffei, ATC has assembled a project team and steering committee and prepared a 2014 work plan.

Progress to date on the research projects has been satisfactory and is proceeding on schedule.

The first project deliverable, the scope of work, is expected in the next two months.

Recommendation: No action required – information only.

¹ A “pre-standard” can be defined as an approved model, or something considered by an authority or by general consent as a basis of comparison.

Governing Board Memorandum

August 28, 2014

Agenda Item 8: Update: California Residential Mitigation Program

Recommended Action: No action required – information only

Background and Analysis:



The California Residential Mitigation Program (CRMP) officially launched its incentive pilot program in September 2013.

The program is called the “Earthquake Brace + Bolt – Funds to Strengthen Your Foundation” seismic-retrofit incentive program (Earthquake Brace + Bolt or EBB, for short).

The pilot finished up in March 2014, with a total of eight houses retrofitted.

CRMP contracted with Saberi and Associates, Inc. to evaluate various parts of the EBB pilot program, including registration, education and marketing materials, outreach, participant experience, and overall program viability and success.

The Saberi report found the pilot program to have been well received by the public, homeowners, contractors, building inspectors, and city officials.

- Basic program components were found to have functioned effectively.
- Recommendations for consideration in program expansion included continued emphasis on building strong relationships with local building departments, and public endorsement of the program by city officials.

The CRMP governing board was pleased with the evaluation findings and approved a staged program expansion. CRMP believes its local focus proved successful in promoting the program, and a graduated-phase expansion will be helpful in managing public response to the program and the resources needed for a successful program. This will also allow integration of changes proposed in the pilot-program evaluation and allow additional testing of program components.

Program participants will register for the program and be drawn from the following areas:

1. In 2014: Existing registered homeowners (from two Oakland ZIP Codes, two Los Angeles ZIP Codes).
2. In 2015: Additional Oakland and Los Angeles ZIP Codes.
3. In 2015: City by city expansion to San Leandro, San Francisco, Santa Monica, and Pasadena.

4. In 2016: Expansion (as a bolt-only program) to San Diego and selected portions of the Imperial Valley.

NOTE: In promoting and executing the last expansion stage, above, EBB plans to work with organizations that serve populations who are not likely to participate in the “standard” EBB program, which is both bracing and bolting—this program variant would provide only bolting of the house frame to the raised foundation. The number of homes retrofitted each year with this method will be subject, pilot fashion, to a reasonable cap.

To ensure program-eligibility selections are conducted in an appropriate “blind” draw, CRMP is seeking to use the expertise of the California Lottery.

Starting in 2015, CRMP anticipates completing 500–600 retrofits per year—that’s 3,000 to 3,600 retrofits over a six-year period, providing (at the current per-retrofit rate) between \$9,000,000 and \$10,800,000 in incentive payments.

Program expansion will begin after the CRMP board has reviewed and accepted the final evaluation report and any recommended program modifications have been approved and made.

Expansion is expected to begin in the third or fourth quarter 2014.

Recommendation: No action required – information only

Governing Board Memorandum

August 28, 2014

Agenda Item 9: Progress Report on the 2014 CEA IT Project Portfolio

Recommended Action: No action required – information only

Chief Information Officer Todd Coombes will present an update on the 2014 CEA IT Project Portfolio including progress, changes, expenditures, and risk assessment.

**CEA Project Portfolio 2014 - Planned Schedules and Cost
August 2014**

Completed
Active
Planned



Portfolio #	Project Name	Description	2014												Estimated External Cost	Actual External Cost	
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec			
2014-01	Claims Reimbursement	EPICenter capacity testing of Claims														\$0	
2014-02	2015 Rate Adjustment & New Coverages	Implementation of product/policy changes														\$300,000	
2014-03	Allstate/Encompass Split	Splitting out Encompass EPICenter data from Allstate														\$0	
2014-04	User Password Management	Managing users and security across CEA applications														\$0	
2014-05	New PI CEA Setup	Addition of a new PI in EPICenter and appl. systems														\$0	
2014-06	CMV - Cooperative Marketing Venture	Comms co-marketing campaign with PIs														\$0	
2014-07	Premium Calculator	Make premium calculator reusable for CMV, PIs, etc.														\$0	
2014-08	Public Website	Replacing the current public website														\$61,320	\$19,268
2014-09	CEA Employee Portal / Internal Website ("Shockwave")	Implementing an Employee Portal / Intranet														\$0	
2014-10	Marketing Value Program (MVP) 2014	Updates to the Marketing Value Program														\$0	
2014-11	Customer Relationship Management Tool (CRM)	Implementation of a new CRM tool														\$61,320	\$15,345
2014-12	Social Media Software/Program	Implementation of a new tool and program														\$14,000	
2014-13	Concentric Data Warehouse	Implementation of remaining functional areas														\$71,200	\$6,853
2014-14	CEA Policy Lineage Tracing	Leveraging business intelligence of policy data														\$0	
2014-15	Convert Legacy Reports to Source from Concentric	Migrating BoB reports to the Concentric platform														\$0	
2014-16	EPICenter 2.0	Acceptance of all policy data into EPICenter														\$273,700	\$100,696
2014-17	EPICenter 3.0	Leveraging the Data Warehouse as a service platform														\$88,000	\$62,079
2014-18	Centralized Policy Processing - Business Case	Investigating reqmts. for CEA to originate policies														\$22,400	
2014-19	CEA Event Walkthrough	End-to-end business walkthrough of a major event														\$0	
2014-20	Great Plains (POC) / Upgrade	Upgrading CEAs Accounting System														\$16,800	
2014-21	2013 Internal Audit Closure	Managing the controls and action plans for IT audit														\$0	
2014-22	Human Resources System Implementation	Implementation of a new HR system														\$10,360	
2014-23	Policy Tech Implementation	Implementation of Policytech & dept. policies/proc.														\$0	
2014-24	Enterprise Content Management System (ECMS)	Implementation of a new document mgmt. tool/proc.														\$235,200	\$1,023
2014-25	Mobile Device Management	Implementation of a phone/device tool														\$0	
2014-26	Disaster Recovery Plan - Rewrite	IT disaster recovery plan and testing														\$0	
2014-27	Infrastructure Managed Services Implementation	Implement contract for facilities and equipment														\$0	
2014-28	Project 1 - EPICenter Maintenance Fixes	EPICenter maintenance fixes														\$0	
2014-29	PMO / IT Governance Tool (Clarizen)	Implement PM and resource management tool														\$0	
2014-30	Learning Management System	Implement continuing education system for agents														\$0	
2014-31	Reinsurance Management Software Acquisition	Implement management tool for reinsurance partners														\$0	
2014-32	Plan B (Claims Processing)	Contingency plan for claims reimbursement process														\$28,000	
2014-33	Infrastructure Upgrade	Upgrade hardware/software in Data Center														\$170,800	
2014-34	Marketing Value Program (MVP) 2015	Updates to the Marketing Value Program														\$159,880	\$6,869
																\$1,512,980	\$212,133

2014 Project Portfolio - Scorecard

August 2014

Schedule	Scope	External Resources	Project Cost	Overall Score	Portfolio #	Project Name	PM	Status	Target Start Date	Start Date	Project % Complete	Target End Date	End Date	Estimated External Cost	Actual External Cost	Original Estimated External Cost
●	●	n/a	●	●	2014-01	Claims Reimbursement	Jeremy Pine	Active	01/24/14	01/24/14	83%	10/06/14	10/06/14	\$0		\$163,800
●	●	TBD	●	●	2014-02	2015 Rate Adjustment & New Coverages	PM TBD	Planned	06/02/14	09/15/14	0%	05/31/15	05/31/15	\$300,000		\$324,800
●	●	n/a	●	●	2014-03	Allstate/Encompass Split	Jeremy Pine	Active	01/24/14	01/24/14	62%	12/26/14	12/26/14	\$0		\$0
●	●	n/a	●	●	2014-04	User Password Management	Charlie Pfeiffer	Completed	02/04/14	02/04/14	100%	04/28/14	07/07/14	\$0		\$0
*	*	n/a	*	*	2014-05	New PI CEA Setup	n/a	Cancelled	07/01/14	07/01/14	0%	12/31/14	12/31/14	\$0		\$16,240
●	●	n/a	●	●	2014-06	CMV - Cooperative Marketing Venture	Jeremy Pine	Completed	11/18/13	11/18/13	100%	05/05/14	05/05/14	\$0		\$0
●	●	n/a	●	●	2014-07	Premium Calculator	Jeremy Pine	Completed	11/01/13	02/05/14	100%	03/18/14	03/27/14	\$0		\$0
●	●	●	●	●	2014-08	Public Website	Charlie Pfeiffer	Active	01/01/14	01/01/14	85%	07/15/14	09/18/14	\$61,320	\$19,268	\$61,320
●	●	n/a	●	●	2014-09	CEA Employee Portal / Internal Website ("Shockwave")	Leslie Gazeley	Completed	10/01/13	10/01/13	100%	06/15/14	06/30/14	\$0		\$73,920
●	●	n/a	●	●	2014-10	Marketing Value Program (MVP) 2014	Jeremy Pine	Completed	10/01/13	10/01/13	100%	01/30/14	03/24/14	\$0		\$0
●	●	✓	●	●	2014-11	Customer Relationship Management Tool (CRM)	Tom Vargas	Active	07/01/14	07/01/14	5%	12/31/14	12/31/14	\$61,320	\$15,345	\$61,320
●	●	TBD	●	●	2014-12	Social Media Software/Program	PM TBD	Planned	07/01/14	08/25/14	0%	12/31/14	12/31/14	\$14,000		\$14,000
●	●	n/a	●	●	2014-13	Concentric Data Warehouse	Leslie Gazeley	Active	10/01/13	10/01/13	80%	06/30/14	09/30/14	\$71,200	\$6,853	\$0
*	*	n/a	*	*	2014-14	CEA Policy Lineage Tracing	n/a	Cancelled	07/01/14	07/01/14	0%	12/31/14	12/31/14	\$0		\$0
●	●	n/a	●	●	2014-15	Convert Legacy Reports to Source from Concentric	Leslie Gazeley	Completed	04/01/14	04/01/14	100%	09/30/14	08/07/14	\$0		\$0
●	●	✓	●	●	2014-16	EPICenter 2.0	Jeremy Pine	Active	04/01/14	04/01/14	20%	12/31/14	12/31/14	\$273,700	\$100,696	\$273,700
●	●	✓	●	●	2014-17	EPICenter 3.0	Jeremy Pine	Active	10/01/14	06/04/14	15%	12/31/14	12/31/14	\$88,000	\$62,079	\$28,000
●	●	TBD	●	●	2014-18	Centralized Policy Processing - Business Case	PM TBD	Planned	07/01/14	09/01/14	0%	12/31/14	12/31/14	\$22,400		\$22,400
*	*	n/a	*	*	2014-19	CEA Event Walkthrough	n/a	Cancelled	02/04/14	TBD	0%	12/31/14	TBD	\$0		\$28,000
●	●	n/a	●	●	2014-20	Great Plains (POC) / Upgrade	Charlie Pfeiffer	Active	11/01/13	11/01/13	85%	06/01/14	09/30/14	\$16,800		\$16,800
●	●	na	●	●	2014-21	2013 Internal Audit Closure	Jeremy Pine	Completed	11/01/13	11/01/13	100%	03/03/14	03/03/14	\$0		\$0
*	●	TBD	●	●	2014-22	Human Resources System Implementation	Jeremy Pine	On Hold	11/01/13	TBD	48%	03/31/14	TBD	\$10,360		\$10,360
●	●	n/a	●	●	2014-23	Policy Tech Implementation	Jeremy Pine	Completed	11/01/13	12/03/13	100%	04/07/14	04/07/14	\$0		\$12,320
●	●	✓	●	●	2014-24	Enterprise Content Management System (ECMS)	Charlie Pfeiffer	Active	05/01/14	08/01/14	5%	12/31/14	12/31/14	\$235,200	\$1,023	\$235,200
*	*	n/a	*	*	2014-25	Mobile Device Management	n/a	Cancelled	05/15/14	05/15/14	0%	06/27/14	06/27/14	\$0		\$0
●	●	TBD	●	●	2014-26	Disaster Recovery Plan - Rewrite	Dave Pena	Active	04/15/14	04/15/14	15%	12/31/14	12/31/14	\$0		\$0
*	*	n/a	*	*	2014-27	Infrastructure Managed Services Implementation	n/a	Cancelled	11/01/13	11/01/13	35%	07/31/14	07/31/14	\$0		\$0
●	●	n/a	●	●	2014-28	Project 1 - EPICenter Maintenance Fixes	Leslie Gazeley	Completed	11/01/13	11/01/13	100%	01/30/14	01/30/14	\$0		\$0
●	●	n/a	●	●	2014-29	PMO / IT Governance Tool (Clarizen)	Charlie Pfeiffer	Completed	10/01/13	10/01/13	100%	06/05/14	06/01/14	\$0		\$0
●	●	n/a	●	●	2014-30	Learning Management System	Jeremy Pine	Completed	11/01/13	11/01/13	100%	06/30/14	03/12/14	\$0		\$0
*	*	n/a	*	*	2014-31	Reinsurance Management Software Acquisition	n/a	Cancelled	04/01/14	04/01/14	0%	07/31/14	12/31/14	\$0		\$0
●	●	✓	●	●	2014-32	Plan B (Claims Processing)	Leslie Gazeley	Active	11/01/13	11/01/13	24%	07/14/14	09/14/14	\$28,000		\$0
●	●	✓	●	●	2014-33	Infrastructure Upgrade	Dave Pena	Planned	09/01/14	09/01/14	0%	12/31/14	12/31/14	\$170,800		\$170,800
●	●	●	●	●	2014-34	Marketing Value Program (MVP) 2015	Tom Vargas	Active	06/01/14	07/17/14	5%	12/31/14	12/31/14	\$159,880	\$6,869	\$0

\$1,512,980	\$212,133	\$1,512,980
--------------------	------------------	--------------------

2014 Project Portfolio - Risk Summary

August 2014

Portfolio #	Project Title	Risk Category	Risk Description	Risk Response (Strategy)	Risk Response	Probability (1-5)	Impact (1-5)	P&I Score
2014-02	2015 Rate Adjustment & New Coverages	Schedule Risk	Schedule Risk: Governing Board approval for new rates required to kickoff project	Accept: Schedule will be delayed until Governing Board approval is received	Accepted	5	5	25
2014-08	Public Website	Schedule Risk	Schedule risk for content creation, approval, and loading	Content approval process developed for site. Comms actively working on content creation and will upload content directly to site.	Mitigated	5	5	25
2014-08	Public Website	Scope Risk	Scope risk for completing all content in time for product launch	Content creation to be prioritized to ensure all "must have" content is ready for product launch.	Mitigated	5	4	20
2014-08	Public Website	Resource Risk	Resource risk for completing development and testing of the site.	Procurement is in process for additional development and QA resources. Update: The development team experienced a breakthrough that should allow the team to complete the development and testing of the site in time for the product launch.	Avoided	1	1	1
2014-12	Social Media Software/Program	Schedule Risk	Delayed start pending completion of policy development and documentation	Project start date moved out to August 2014	Accepted	5	1	5
2014-13	Concentric Data Warehouse	Schedule Risk	Delay on final testing (in progress) due to priority scheduling of resources on other projects	Project end date moved out to September 2014	Accepted	5	2	10
2014-17	Epicenter 3.0	Cost Risk	The project budget was limited due to an anticipated late 2014 project start date. The project is currently over budget per the initial project budget allocation.	Project budget to be increased	Accepted	5	5	25
2014-18	Centralized Policy Processing - Business Case	Schedule Risk	Schedule delay to accommodate further strategic review by executive staff needed	Project start date moved out to September 2014	Accepted	5	2	10
2014-20	Great Plains (POC) / Upgrade	Schedule Risk	The projected schedule to complete the GP upgrade by June 2014 is at risk due to the contract process. The contract is in process, but there have been many edits to Avastone's terms, which Avastone may not willingly accept.	Contract process has completed. The project was kicked off on 4/24/14; however, the impact to the schedule is still unknown. The project is broken into 4 phases with the 1st phase being requirements gathering. The vendor (Avastone) will provide an implementation schedule for phases 2-4 after they complete phase 1. Until phase 1 is complete we will not know the impact of the contract delays to the project schedule. Once the dates are known, then the project can be re-baselined.	Accepted	5	4	20

2014 Project Portfolio - Risk Summary

August 2014

Portfolio #	Project Title	Risk Category	Risk Description	Risk Response (Strategy)	Risk Response	Probability (1-5)	Impact (1-5)	P&I Score
2014-26	Disaster Recovery Plan - Rewrite	Schedule Risk	The schedule for this project is at risk due to the Infrastructure Managed Services project being cancelled, and the Infrastructure upgrade project projected to go to the end of 2014. The Infrastructure Managed Services project was going to include a DR plan from the vendor, but the project was cancelled. There may be DR plans from the vendors for the Infrastructure Upgrade project, but the vendor selection and vendor contract process will not take place until July 2014 (the vendor proposals should describe their contribution to the DR plans).	A decision needs to be made regarding if the DR project should proceed without the Infrastructure Upgrade project, which may be a scope change, or if the project should be postponed until after the Infrastructure Upgrade, which would require a re-baseline to the schedule.	Contingent	5	3	15
2014-32	Plan B (Claims Processing)	Schedule Risk	Schedule Risk: The proposed solution will require web development. Depending on CEA priorities, the project schedule has been extended upon approval of the Solution Design proposal and a resource procurement (developer) is in progress	Accept: A schedule extension will be necessary to support the new solution design	Accepted	1	4	4
2014-34	Marketing Value Program (MVP) 2015	Cost Risk	No original project budget was set. The project is currently drawing down against a \$0 budget.	Project budget to be increased	Accepted	5	5	25
2014-34	Marketing Value Program (MVP) 2015	Resource Risk	Resource risk for completing development and testing of the site.	The development team is seeking 2 additional developers and 1 additional tester to mitigate the risk of having enough resources to complete the development effort of MVP 2015.	Mitigated	3	5	15

2014 Project Portfolio - Change Summary

August 2014

Portfolio #	Project Name	Description of Change	Reason
2014-01	Claims Reimbursement	Target start date changed from 1/24/2014 to 9/3/2014, Target end date changed from 5/15/2014 to 10/6/201; Project funds transfer	Project schedule rebaselined; Project work was completed by internal resources; funds transferred out to reallocate to other projects
2014-02	2015 Rate Adjustment & New Coverages	Scheduled start date changed from 6/2/2014 to 9/15/2014; Project Manager changed from Charlie Pfeiffer to PM TBD. Project funds transfer	PI's requiring additional development time on PI systems; Original estimated budget exceeds project cap; funds in excess of \$300K reallocated to another project.
2014-04	User Password Management	Project completed; end date changed from 4/28/2014 to 7/7/2014	Additional UAT time required for CEA release process.
2014-05	New PI CEA Setup	Project funds transfer: Project cancelled; funds reallocated to another project	Project cancelled; funds transferred to reallocate to other projects
2014-06	CMV - Cooperative Marketing Venture	Project completed on 5/5/2014	
2014-08	Public Website	Target end date changed from 4/1/2014 to 7/15/2014; Scheduled end date changed from 7/15/2014 to 9/18/2014; Project Manager changed from Leslie Gazeley to Charlie Pfeiffer	Project schedule rebaselined; Scope of coding work on premium calculator larger than originally anticipated; content creation and upload work moved to Comms backlog
2014-09	CEA Employee Portal / Internal Website ("Shockwave")	Project completed; end date changed from 6/15/2014 to 6/30/2014. Project funds transfer	Project work was completed by internal resources; funds transferred out to reallocate to another project
2014-11	Customer Relationship Management Tool (CRM)	Project active as of 7/1/2014. Project Manager assigned to Tom Vargas	Project started
2014-12	Social Media Software/Program	Scheduled start date changed from 7/1/14 to 8/25/14	Policy development and approval still in progress; working with outside counsel
2014-13	Concentric Data Warehouse	Project end date changed from 6/30/2014 to 9/30/2014. Project Manager changed from Charlie Pfeiffer to Leslie Gazeley; Project funds transfer	Final testing still in progress; schedule extended due to schedule prioritization against other projects; No original budget set; funds reallocated from other projects
2014-14	CEA Policy Lineage Tracing	Project cancelled	Project will be considered for reprioritization in 2015; currently deemed by Operations to be lower priority against other 2014 projects that should be completed first
2014-15	Convert Legacy Reports to Source from Concentric	Project completed on 8/7/2014. Project Manager changed from Charlie Pfeiffer to Leslie Gazeley	
2014-16	Epicenter 2.0	Name changed from "Epicenter 2.0 (Post-Process Rules Model)" to "Epicenter 2.0"	Project scope redefined to augment the existing EPICenter application and resolve existing issues. rules and business logic moved to EPICenter 3.0
2014-17	Epicenter 3.0	Name changed from "Epicenter 3.0 (Data Warehouse Model)" to "Epicenter 3.0". Scheduled start date changed from 10/1/2014 to 6/4/2014. Project funds transfer	Project scope redefined to augment the EPICenter application in the areas of business logic and rules logic; Original budget estimates were based on a lesser scope of work to commence later in the year; funds reallocated from other projects
2014-18	Centralized Policy Processing - Business Case	Scheduled start date changed from 7/1/2014 to 9/1/2014	Further strategic assessment in progress and pending after Q3 Governing Board meeting
2014-19	CEA Event Walkthrough	Project funds transfer: Project cancelled	Operations has deemed that this is not an IT project; Project funds reallocated to another project

2014 Project Portfolio - Change Summary

August 2014

Portfolio #	Project Name	Description of Change	Reason
2014-20	Great Plains (POC) / Upgrade	Scheduled end date changed from 6/1/2014 to 9/30/2014	Delay due to auditors on-site and resources being scheduled out of office; final phase(4) scheduled to end in September 2014
2014-23	Policy Tech Implementation	Project funds transfer	Project work was completed by internal resources; funds transferred out to reallocate to another project
2014-24	Enterprise Content Management System (ECMS)	Target end date changed from 11/1/2013 to 5/1/2014; Scheduled start date changed from 5/1/2014 to 8/1/2014. Project Manager assigned to Charlie Pfeiffer	Project schedule rebaselined; Project delayed due to resource prioritization to Public website and MVP 2015
2014-25	Mobile Device Management	Project cancelled	
2014-26	Disaster Recovery Plan - Rewrite	Project Manager changed from Charlie Pfeiffer to Dave Pena	Project is Active
2014-29	PMO / IT Governance Tool (Clarizen)	Project completed on 6/1/2014	
2014-31	Reinsurance Management Software Acquisition	Project cancelled	Initial RFP response returned only one proposal; Finance is moving this project to 2015.
2014-32	Plan B (Claims Processing)	Target end date changed from 3/31/2014 to 7/14/2014; Scheduled end date changed from 7/14/2014 to 9/30/2014. Project Manager changed from Jeremy Pine to Leslie Gazeley.	Project schedule rebaselined; Resource procurement in progress to add another developer to perform this work
2014-33	Infrastructure Upgrade	Project Manager changed from Charlie Pfeiffer to Dave Pena	
2014-34	Marketing Value Program (MVP) 2015	Scheduled start date changed from 6/1/2014 to 7/17/2014. Project Manager assigned to Tom Vargas. Project funds transfer	Schedule delay due to resource allocation to other higher priority work (Public Website); additional resources being procured; No original budget set; funds reallocated from other projects

Project Dictionary

Portfolio #	Project Name	Description
2014-01	Claims Reimbursement	Simulate high-volume claims processing in EPICenter
2014-02	2015 Rate Adjustment & New Coverages	Update EPICenter to reflect new products, coverages and/or pricing models
2014-03	Allstate / Encompass Split	Update EPICenter to show data from Encompass and Allstate as separate and distinct. Currently, Encompass's data is represented by EPICenter as part of Allstate's business.
2014-04	User Password Management	Implement tool to enable our Participating Insurers and our internal business customers to reset the passwords for their EPICenter and Windows accounts. The tool will also proactively alert users of pending expiry of accounts.
2014-05	New PI CEA Setup	Once a new participating insurer is contracted with CEA, the participating insurer will be enabled in EPICenter to send policy and claims submissions to CEA.
2014-06	CMV - Cooperative Marketing Venture	A cooperate marketing campaign between Communications and partnering participating insurers to collect and share data by way of lead-generating websites.
2014-07	Premium Calculator	Create a reusable rate calculator mechanism that can be used by third parties, such as Communication's marketing vendors, to support lead-generating activities.
2014-08	Public Website	Update CEA web site to support maintenance, workflow, and publishing, and maintenance of web content from a collaborative environment.
2014-09	CEA Employee Portal / Internal Website ("Shockwave")	Establish an internal web site to support and promote information exchange, collaboration and organizational communication among CEA staff.
2014-10	Marketing Value Program (MVP) 2014	This project is to implement this year's enhancements to the MVP web software tool. MVP is a free marketing material registration/ sign-up tool for PI agents. PI agents must meet CEA training requirements in order to qualify and receive the free CEA marketing material.
2014-11	Customer Relationship Management Tool (CRM)	Implement a system to enable Communications to manage interactions with current and future participating insurers, agents and customers. This system also tracks and measures campaigns over multiple communication channels, such as email, search, social media, telephone and direct mail.
2014-12	Social Media Software/Program	The original scope of this project was to research and select a software tool that would enable Comms to execute the CEA social media campaign.
2014-13	Concentric Data Warehouse	Continue development of data warehouse platform and develop dashboards to supporting monitoring of key performance indicators relevant to CEA's objectives and/or business processes

Project Dictionary

Portfolio #	Project Name	Description
2014-14	CEA Policy Lineage Tracing	Create a process to enable the CEA to establish relationships between policies and policyholders across products, insurers and property locations
2014-15	Convert legacy reports to source from Concentric	Modify all legacy EPICenter canned reports to pulled data from data warehouse instead of the EPICenter production database in order to support centralize reporting
2014-16	EPICenter 2.0	The EPICenter 2.0 project will work towards further evolving the EPICenter application. The development work will be comprised of; resolving existing EPICenter Application Issues as identified and prioritized by the CEA Operations business unit stakeholders, resolving data discrepancies between CEA data and PI data, developing rules or configuration management, implement error management, and build an information center which PI's can leverage.
2014-17	EPICenter 3.0	The Epicenter 3.0 project will work towards further evolving the Epicenter application. The development of EpiCenter will include business logic and rules logic to accept all transactions and appropriately classify/triage, then identify errors
2014-18	Centralized Policy Processing-Business Case	This project is a first phase of Centralized Policy Processing system implementation. During this phase the business case that describes the need and reasons for this system is developed.
2014-19	CEA Event Walkthrough	A simulated end-to-end major event intended to stress test CEA business processes and technical systems including event initiation, inner organization communication, impact reporting, external communication, claims processing and reimbursement, post event assessment, etc.
2014-20	Great Plains (POC) / Upgrade	This project includes the vendor selection, and the implementation of hosted version of Great Plains.
2014-21	2013 Internal Audit Closure	This project's objective was to manage task and people though series of testing, reviews and scoring activities related to internal audit of IT General Controls (ITGC).
2014-22	Human Resources System Implementation	This project is to coordinate activities around selection and implementation of CEA HR system. The HR system will serve as a multifunctional HR software tool supporting activities such as onboarding, off boarding, benefits management, and performance reviews among others.
2014-23	Policy Tech Implementation	This project includes the Implementation of CEA policies and procedures management software tool. It will serve CEA as a centralized database for all CEA policies and procures.
2014-24	Enterprise Content Managment System (ECMS)	This project is to coordinate selection and implementation of CEA's ECM software tool. This tool will allow us to successfully classify and manage CEA records, amongst other benefits.
2014-25	Mobile Device Management	Identify and implement a management program for all types of mobile devices, including but not limited to mobile phones, smartphones and tablet computers for company-owned and employee-owned devices across the CEA enterprise. This program is intended to increase security for both the devices and the enterprise they connect to.
2014-26	Disaster Recovery Plan - Rewrite	This project includes the review and updates to the existing Disaster Recovery Plan. Disaster Recovery Plan defines the critical IT systems, and the recovery processes related to a local disaster / catastrophe.

Project Dictionary

Portfolio #	Project Name	Description
2014-27	Infrastructure Managed Services Implementation	This project includes vendor selection process, and implementation of outsourced infrastructure services, and hardware, for CEA IT.
2014-28	Project 1 - EPICenter Maintenance Fixes	This project incorporated deployment of EPICenter software fixes necessary for CEA to proceed with Claims Stress Test activities, as part of Claims Reimbursement Project.
2014-29	PMO / IT Governance Tool (Clarizen)	This project includes the implementation of the project management software tool, as well as management of CEA Helpdesk and other IT work request tickets.
2014-30	Learning Management System (LMS)	This project includes the selection and implementation of training software tool to be leveraged for Comms, OPS and IT training activities.
2014-31	Reinsurance Management Software Acquisition	This project includes the providing consulting services to Finance for vendor selection and implementation of reinsurance management tool that will enable Finance team to proactively manage and track the reinsurance activities.
2014-32	Plan B (Claims Processing)	Establish a non-technical solution to access claim submissions data and alternatively manage the claim life cycle in the event that EPICenter is unavailable.
2014-33	Infrastructure Upgrade	Upgrades to (1) Data Center (including a secondary site for disaster recovery), (2) Hardware/Software, (3) Connectivity, (4) Support (*this project replaces 2014-27 Infrastructure Managed Services project)
2014-34	Marketing Value Program (MVP) 2015	This project is to implement next year's enhancements to the MVP web software tool. MVP is a free marketing material registration/ sign-up tool for PI agents. PI agents must meet CEA training requirements in order to qualify and receive the free CEA marketing material.

Governing Board Memorandum

August 28, 2014

Agenda Item 10: Update on the CEA IT infrastructure upgrades:
RFP for IT hardware and RFQ for data-center colocation

Recommended Actions: Based on completed competitive procurements:
- Approve proposed agreements to provide IT hardware and data-center colocation.
- Approve corresponding (below-the-line) 2014-budget augmentation of \$273,465.62.

Background:

CEA IT-infrastructure upgrades are essential to meet the CEA business's growing technology demands.

The upgrades must provide effective and secure computing environments for production, testing, and development—and critically, enhancing disaster-recovery functionality.

On December 6, 2013, the CEA issued a request for qualifications (“RFQ #12-13”) for IT Infrastructure Managed Services, seeking qualified responses for providing functional and resilient computing environments to meet the CEA's technology-infrastructure needs.

The RFQ sought qualified vendors to provide a “bundled approach” to managing data-center, hardware, data-communications, and technical support services, in collaboration with CEA IT staff.

The CEA received one qualified response to the RFQ and attempted to contract with the respondent, but after extensive negotiations and due diligence, was unable to reach an acceptable agreement.

As a result, CEA IT proposed unbundling the infrastructure managed services into its components and approaching IT infrastructure upgrades, and the associated competitive-bid procurements, at a more granular level. This approach was intended to attract more respondents who specialized in components of infrastructure managed services but not the entire bundled managed-services package. These components included:

- Data center colocation services
- Hardware procurement
- Data communications management
- Managing technical support

CEA staff proposed issuing a request for qualifications (“RFQ #4-14”) for data center colocation services, using data-center requirements similar to those in the original (bundled) managed services RFQ. In addition, the CEA proposed issuing a request for proposals (“RFP #5-14”) to procure the necessary hardware to deploy at the colocation data centers. CEA IT staff decided it would manage the data-communications and technical-support components in collaboration with colocation-data-center staff and existing telecommunications-provider staff, so no additional procurements were necessary for those two components.

On May 15, 2014, the Board approved this approach.

On May 16, 2014, the CEA issued request for qualifications (“RFQ #4-14”) for data center colocation services and request for proposals (“RFP #5-14”) to procure the necessary hardware to deploy at the colocation data centers.

RFQ #4-14 received three qualified responses and RFP #5-14 received two qualified responses.

The CEA evaluation team for RFQ #4-14 comprised the CEA’s Chief Information Officer, IT Governance Leader, IT Infrastructure Leader, IT Infrastructure Network Engineer, and IT Infrastructure Systems Engineer.

- As a part of the data-center-colocation evaluation, the CEA evaluation team visited primary data centers and met with the three qualified respondents.
- The team developed a standard scorecard and used the scorecard consistently.
- The respondent with the highest total score—and selected to move forward into contract negotiations—was RagingWire Data Centers, Inc.

The same CEA evaluation team used a similar approach to consistently score the responses to RFP #5-14 to compare the proposals for IT hardware procurement.

- The respondent with the highest score—and selected to move forward into contract negotiations—was CDW Corporation.

The CEA entered into contract negotiations with RagingWire Data Centers, Inc. and CDW Corporation and successfully concluded those negotiations resulting in final contracts that are ready for execution, pending approval by the Governing Board.

Analysis:

Data-Center-Colocation Services

The proposed arrangement with RagingWire is a three-year agreement for data-center-colocation services at the primary data center in Sacramento and a secondary data center in Ashburn, Virginia.

Colocation services will consist of providing secured data-center space and access to shared facility resources, including electrical power, air conditioning, fire suppression, communications, and support. Authorized CEA IT staff will have 24/7 physical and remote access to both data centers.

The Sacramento data center will house the CEA production and development environments, and

the secondary data center in Virginia will house CEA testing and disaster-recovery environments. The production and testing environments will be configured identically.

Under the proposed contract:

- The costs for data-center-colocation services will include a (non-recurring) charge for cage configuration of \$16,400 and a monthly (recurring) charge of \$9,968.
- The total cost is \$375,248 over the three-year term (through August 31, 2017)—\$56,272 will be incurred in 2014.
- Implementation will occur through a separate CEA IT project, funded as a part of the CEA IT Project Portfolio. Implementation will begin in September 2014, with planned cut-over to the new infrastructure environments expected in October 2014.

Hardware Procurement

The CEA specified a list of high-performance network, server, data-storage, and related equipment to be included in a three-year equipment lease, beginning September 1, 2014, and ending August 31, 2017.

The contract with CDW Corporation and supporting lease/finance agreement with IBM Corporation (the financing agent CDW specified) provide for a monthly lease cost of \$31,755. California sales tax in the amount of \$90,173.62 on the full underlying value of the leased equipment must be paid at contract signing.

The total full-term lease cost to the CEA is \$1,233,353.62, with \$217,193.62 of that cost to be incurred in 2014. The agreement includes a lease-end provision that permits the CEA to take ownership of all the hardware at no additional cost.

Total Costs – Both Procurements

- The total costs for data center colocation services and leased IT hardware for use at the colocation data centers from September 1, 2014, until August 31, 2014, is \$1,608,601.62.
- The portion that will be incurred in 2014 is \$273,465.62.

Recommendation:

1. Approve entering the agreement between CEA and RagingWire Data Centers, Inc., to provide data-center-colocation services.
2. Approve entering the agreement between CEA and CDW Corporation to provide IT hardware for use at the colocation data centers and entering the agreement between CEA and IBM Corporation for the lease of that hardware.
3. Approve execution of all agreements on behalf of the CEA by CEO Glenn Pomeroy.
4. Approve a 2014 (below-the-line) budget augmentation of \$273,465.62 to support the 2014 portion of the colocation data center services and IT hardware for the colocation data centers.

Governing Board Memorandum

August 28, 2014

Agenda Item 11: Application of Hyundai Marine and Fire Insurance Company to become a CEA participating insurance company

Recommended Action: Authorize the Authority's CEO to negotiate and execute an Insurer Participation Agreement with Hyundai Marine and Fire Insurance Company and carry out additional, related acts

Background:

Hyundai Marine and Fire has applied to become a participating insurance company of the California Earthquake Authority.

Hyundai Marine and Fire was founded in Korea in 1955 as the first marine insurance company in Korea. Headquartered in Seoul, South Korea, it is the second largest property and casualty insurance company in Korea and a leading provider of both commercial and personal lines insurance. The company has received the Korea's Most Admired Companies (KMAC) Customer-Satisfaction Award for five consecutive years.

Hyundai's United States branch was established in February 1994, with California being its port of entry. Upon entry, Hyundai Marine and Fire focused on commercial insurance for affiliates Hyundai Motors, Kia Motors, and Hyundai Heavy Industries.

Hyundai launched a residential property insurance program in New York in 2012 and in New Jersey in 2014. It currently writes homeowners and dwelling-fire insurance through independent agents. Hyundai Marine and Fire maintains an A.M. Best "A (Excellent)" rating.

In August 2014, Hyundai Marine and Fire filed with the California Department of Insurance (CDI) to start writing homeowners insurance in California by the end of first quarter 2015. If CDI approves its filing and the CEA Governing Board approves its CEA application, it would use CEA products to fulfill its statutory earthquake-insurance offers.

Analysis:

By law, each CEA participating insurer must enter into an Insurer Participation Agreement (referred to generally as the "PI Agreement"). Each PI Agreement has been executed on behalf of a participating insurer, the Authority, and the Insurance Commissioner. The Agreement sets forth the rights and responsibilities of the parties

"with respect to each participating insurer's participation in the Authority." Agreements must be uniform for all participating insurers—in practice, the only variation between the Agreements is in names and addresses of the participating insurers.

By law, affiliates of CEA participants and insurers under common control with a CEA participant must also be or become CEA participating insurers. For example, when a CEA participant has an affiliate, subsidiary, or parent company that issues residential property insurance in California, each must execute or become a party to a PI Agreement.

Before Hyundai Marine and Fire can legally offer the Authority's earthquake policies to its customers, Hyundai must execute and become subject to a CEA Insurer Participation Agreement. CEA staff is working with Hyundai to ensure all prerequisites for CEA participation are met, including operational infrastructure and any legally required capital contribution.

In addition, CEA staff recommends that Hyundai be subject to a potential "risk-capital surcharge," as defined in Insurance Code section 10089.16(d), which became law on July 1, 2008. The authority for and application of the surcharge is explained below.

As part of the CEA application process, an applicant is required by Insurance Code section 10089.16(d) to submit policy data to the CEA for its earthquake-insurance book of business. The data allows CEA staff to complete an initial "earthquake-insurance risk profile" using EQECAT computer modeling to determine the current likelihood and magnitude of additional CEA losses that would be attributable to insuring the applicant's business during their first full year of participation.

Based on this analysis of the applicant's earthquake insurance risk profile and under the law noted above, if in the Governing Board's sole judgment the addition of the applicant's business would

- bring business more likely to produce losses than a comparable book of CEA business, or
- bring business likely to produce greater losses than a comparable book of CEA business, then

the Board may condition approving the applicant's application on payment by the applicant of up to five annual risk-capital surcharges, in addition to any legally required capital contribution and any assessment obligations.

Under the law, the Board must calculate the first risk-capital surcharge one year after the date the new participant first places or renews business into the CEA; in addition the Board must recalculate the risk-capital surcharge for each of up to four years after the first calculation and impose any resulting surcharge. Once the insurer's earthquake-insurance risk profile becomes substantially similar to the CEA's average risk profile for a CEA book of business of similar size, however, the Board must relieve the insurer of further obligation to pay risk-capital surcharges.

The law also provides that each annual risk-capital surcharge must equal the CEA's increased cost of providing or securing capacity to insure the new participant's excess earthquake insurance risk.

Because Hyundai Marine and Fire has no earthquake-insurance book of business, no "earthquake-insurance risk profile" could be completed until the *completion* of Hyundai's first year of CEA participation. At that time, the CEA could determine whether Hyundai's book of business is more likely to produce losses for the CEA, or is likely to produce greater losses for the CEA, when compared to the CEA's comparable book of business (removing risks written by Hyundai).

CEA staff recommends that, as a condition of the Board's acceptance and approval of Hyundai's application for CEA participation, the Board require completion of an "earthquake-insurance risk profile" to determine if a risk capital surcharge is warranted at the end of Hyundai's first year of CEA participation, subject to the provisions related in Insurance Code section 10089.16, subdivision (d).

The legal authority that supports the Board's imposing this condition in this manner is found in Insurance Code section 10089.16, subdivision (a): *On application to the board, payment of any assessments and fees calculated by the board, and fulfillment of any additional requirements imposed by the board, nonparticipating insurers may become participants in the authority with all rights and privileges attendant to that participation.* [Emphasis added.] Under the circumstances presented by Hyundai's application, and in keeping with the purpose and spirit of the amendment to the CEA law in 2008 through Senate Bill 430, CEA staff recommends this approach as fair and reasonable.

The Board will be presented with a form of resolution that authorizes the Authority's CEO to oversee the negotiations for, and to execute on behalf of the CEA, an Insurer Participation Agreement. In order to take effect, and as noted above, the Agreement must be signed on behalf of Hyundai Marine and Fire Insurance Company and by the Insurance Commissioner. CEA staff will facilitate the logistics of that process.

Recommendation:

In accord with the written resolution presented to the Board on this date, CEA staff recommends that the Governing Board (1) approve Hyundai Marine and Fire Insurance Company's application and (2) authorize the Authority's CEO Glenn Pomeroy, assisted by the CEA general counsel, to negotiate and execute on the Authority's behalf an Insurer Participation Agreement with Hyundai Marine and Fire Insurance Company that meets the description and requirements above, and to take any and all additional, related and necessary steps to accomplish the related and supporting acts contemplated and described above.

Governing Board Memorandum

August 28, 2014

Agenda Item 12: Development of organizational performance metrics

Recommended Action: No action required – information only

Chief Executive Officer Glenn Pomeroy will update the Governing Board on the development of organizational performance metrics for the CEA.

Governing Board Memorandum

August 28, 2014

Agenda Item 13: Proposed revision to Board-approved plan to acquire limited additional office space on floor above CEA's main office, to accommodate CEA staff and operations

Recommended Action: Approve the revised plan; authorize CEO Glenn Pomeroy to negotiate, approve, and execute an amendment to the CEA's lease

Background:

On August 23, 2012, the CEA Governing Board authorized CEO Glenn Pomeroy to negotiate and execute an amendment to the CEA's existing lease so as to acquire additional space for CEA staff and operations. That plan included the following:

- Acquiring 9,700 square feet on the 11th floor for:
 - a server room, professionally designed to appropriate, modern technical standards, to support CEA's critical IT needs;
 - additional workspace required for staff and for the CEA's very frequent on-site consultants and vendors, which (depending on final configuration and design specs) could include 27 workstations, 4 offices, 3 huddle rooms, and a break room.
- Converting the existing 10th-floor server room to a conference room.
- At the landlord's sole expense, substantial allowances for tenant improvements.
- A hard future option for additional, adjacent office space, for additional CEA activities and a potential expansion of CEA staff, over time.

CEA staff put the negotiations on hold in late 2012 because of budget considerations.

Since 2012, however, CEA staffing has continued to evolve:

- Hiring Chief Information Officer Todd Coombes in June 2013.
- A significant change in the CEA law in July 2013: elimination of the civil-service employee cap.
- Implementing an ongoing, comprehensive workforce-planning project (beginning July 2013) to design CEA's future structure.

The CEA's evolution is accelerating, requiring the CEA to rely even more heavily on temporary/seasonal (non-employee) staff and on-site vendors (e.g., financial auditors, IT consultants) to keep pace with change.

As noted in the original 2012 expansion plan, creating both mitigation *and* “policy, research, and special projects” work units—coupled with innovations in financial strategies, insurance products, actuarial analysis and workload, marketing, information technology, and human-resource management—boost the already growing need for new onsite support to sustain CEA’s progress.

Of special note, the 2012 decision to manage in-house the California Residential Mitigation Program (CRMP) incentive program (under the joint powers authority between CEA and CalOES) requires office space for CRMP staff and operations.

An essential feature of the CEA’s continuing investment in human and intellectual capital is the requirement of a safe, quality work environment—adequate workspace conducive to collaboration, learning, and thoughtful concentration.

Analysis:

The CEA’s numerous strategic projects require accommodating both staff and a flow of consultants, creating a growing need for additional work space. The CEA’s compact 11th-floor workspace is now straining with the high occupancy loads.

The increasing need to accommodate these team members—and predicted impacts on downtown real estate market conditions from the new sports/entertainment arena—provide motivation to move quickly to expand into convenient work space that is contiguous with CEA’s existing office space at 801 K Street.

As a result, staff is again working with the landlord on business terms to prepare to expand into space adjacent to our limited 11th-floor office space, which currently houses the CEA IT staff in crowded fashion.

To support this effort, we continue with the expertise of leading real estate broker Devon Atlee of *Cornish & Carey Commercial/Newmark Knight Frank*. Mr. Atlee has been professional and skillful in previous negotiations, and he knows the CEA, this property and its other tenants, and building management/ownership. As a bonus, he and his firm bring the knowledge and experience of having worked for years with the California Department of General Services.

With that experience, Mr. Atlee is the face of the CEA in negotiations with the landlord. In support of CEA’s office of general counsel is our expert local counsel, Robert McCormick, who brings a commercial real estate specialty.

With Mr. Atlee’s expertise and the legal backing of Mr. McCormick, staff is now in negotiations with the landlord to add to the CEA’s lease:

- An additional 9,500 square feet on the 11th floor, providing space for:
 - Additional workspace for staff and on-site consultants and vendors (depending on final configuration and design specs, approximately 25 modular workstations, 14

- offices and/or huddle rooms, a break room, an IT storage room, and a large meeting room).
- Converting the existing 10th-floor server room to an office and a telecommunications hub.
 - At landlord's sole expense, substantial allowances for tenant improvements.
 - A hard future option to add adjacent office space, for expanded insurance and mitigation activities and related staff, over time and only as needed.
 - An extended lease term.

The most significant difference between the 2012 and 2014 expansion plans is elimination of the expensive, professionally designed server room—this is no longer needed because the CEA will use more cost-effective alternatives.

If the proposed plan is approved, negotiated, and executed, staff will incorporate the expense into the 2015 CEA-budget process.

The CEA's combined expense under this plan (office expansion, furniture and equipment) likely will exceed the tenant-improvements allowance. But by eliminating the new server room, the total cost to the CEA will be significantly less in 2014-15 than under the 2012 plan.

Recommendation:

Staff recommends that the Board (1) approve the revised 2014 plan to acquire and equip additional office space and extend the lease term, consistent with the descriptions in this memorandum, and (2) authorize CEO Glenn Pomeroy (with the active assistance of the general counsel and outside counsel, as well as professional brokerage services) to negotiate and execute an amendment to the CEA's lease.

Governing Board Memorandum

August 28, 2014

Agenda Item 14: Renewal of the CEA's Directors and Officers and Employment Practices Liability insurance coverages

Recommended Action: Approve expenditure of CEA funds for renewal premium for insurance coverage

Background:

Each year, the CEA purchases Directors and Officers ("D&O") and Employment Practices Liability ("EPL") insurance coverage for its business operations. These coverages provide coverage not only for the acts of CEA as an organization but also for the acts of the CEA's employees, contract executives, and Governing Board members.

The term of the CEA's current D&O/EPL policy expires August 31, 2014. Through the CEA's business insurance broker team, Staff has obtained a quote for a renewal policy, and requests the Board's authorization to purchase that coverage.

Analysis:

Since 2005, the CEA has purchased D&O/EPL coverage from RSUI Indemnity Company, a carrier that offers a unique D&O/EPL policy form tailored to not-for-profit public organizations that conduct business transactions in the general market, such as the CEA. Before 2005, the CEA had only been offered D&O/EPL on a standard corporate-form policy that was less suited to the CEA's unique form of organization.

RSUI has offered to renew the existing coverage for an additional year—from August 31, 2014, through August 31, 2015. As with the previous term, the limit of liability for D&O claims is \$10 million per claim; there is a \$5 million sublimit for EPL claims.

The quoted annual premium for the renewal policy is \$131,130 which is an increase of \$17,150 over the annual premium the CEA has paid for the last few renewals (\$113,980).

- While the annual premium for this coverage has remained flat for several years, the insurer has increased the premium for this renewal.
- The insurer, through the broker team, tells us that the premium increase does not relate to the CEA or its risk profile—to the contrary, it says that general market conditions compel it to demand premium increases for all new and renewal D&O/EPL business. In fact, the insurer represents that the CEA is seeing a much smaller premium increase (15%) than most other insureds (generally, 30%).

Given the premium increase, the CEA's broker team sought competing quotes from more than 20 other D&O carriers, to determine whether the same coverage could be purchased at a better price. No other carrier was willing to issue coverage at a competitive

premium—each of the other carriers either declined the risk without explanation or required a premium much higher than the CEA’s renewal quote.

Because the renewal offer appears to reflect the best terms available, CEA staff recommends accepting the renewal offer.

Recommendation:

Authorize the necessary expenditure and signature authority so that staff may (1) renew the CEA’s existing D&O/EPL coverage, quoted at a premium of \$131,130, and (2) bind the coverage at or before the August 31, 2014, expiration of CEA’s existing coverage.

California Earthquake Authority

Losses & Loss Adjustment Expenses (LAE) Paid - Cumulative to June 30, 2014

Event Code	Event Name	Date of Event	Magnitude	Location	# of Paid Claims	Losses Paid	LAE Paid	Total Paid Losses & LAE
98010	Chino	1/5/1998	4.3	3 mi. W of Chino	1	\$1,385.72	\$124.71	\$1,510.43
98050	San Juan Bautista	8/12/1998	5.3	7 mi. SSE of San Juan Bautista	1	161,204.93	13,643.13	\$174,848.06
98070	Redding	11/26/1998	5.2	3 mi. NNW of Redding	1	4,029.72	362.67	\$4,392.39
	1998 Minor Quakes				2	4,199.20	377.93	\$4,577.13
99050	Hector Mine	11/16/1999	7.0	28 mi. N of Joshua Tree (near Palm Springs)	25	137,361.81	12,362.47	\$149,724.28
	1999 Minor Quakes				1	4,037.26	363.35	\$4,400.61
00030	Napa	9/3/2000	5.2	17 mi. ESE of Santa Rosa; 6 mi. NNE of Sonoma; 3 mi. WSW of Yountville	15	278,130.07	25,031.71	\$303,161.78
01010	Ferndale	1/13/2001	5.4	53 mi. WNW of Ferndale	1	34,764.54	3,128.79	\$37,893.33
	2001 Minor Quakes				1	52,896.82	4,760.70	\$57,657.52
01040	West Hollywood	9/9/2001	4.2	West Hollywood	10	67,044.15	6,033.94	\$73,078.09
	2002 Minor Quakes				1	8,361.24	752.51	\$9,113.75
03090	San Simeon	12/22/2003	6.4	7 mi. NE of San Simeon	84	2,692,628.02	242,339.74	\$2,934,967.76
04120	Parkfield	9/28/2004	6.0	7 mi SSE of Parkfield	1	7,032.59	632.93	\$7,665.52
07240	Chatsworth	8/9/2007	4.5	4 mi NNW of Chatsworth	1	7,813.88	703.24	\$8,517.12
07250	Alum Rock	10/30/2007	5.6	5 mi NNE of Alum Rock	1	6,149.20	553.42	\$6,702.62
08280	Chino Hills	7/29/2008	5.4	5.5 mi SE of Diamond Bar	8	145,967.19	13,089.08	\$159,056.27
09320	Calexico	12/30/2009	5.9	22.7 mi SE of Calexico	1	275.88	24.83	\$300.71
	2009 Minor Quakes				2	8,627.67	776.49	\$9,404.16

California Earthquake Authority

Losses & Loss Adjustment Expenses (LAE) Paid - Cumulative to June 30, 2014 (continued)

Event Code	Event Name	Date of Event	Magnitude	Location	# of Paid Claims	Losses Paid	LAE Paid	Total Paid Losses & LAE
10330	Ferndale	1/9/2010	6.5	27 mi W of Ferndale	3	23,901.50	2,151.13	\$26,052.63
10360	Baja California Mexico	4/4/2010	7.2	16 mi SW from Guadalupe Victoria, Mexico	17	81,066.58	7,296.00	\$88,362.58
	2010 Minor Quakes				1	225,000.00	0.00	\$225,000.00
12410	Brawley	8/26/2012	5.3	4 mi North of Brawley, CA	2	23,833.24	2,145.00	\$25,978.24
	2012 Minor Quakes				2	7,819.09	703.72	\$8,522.81
13430	Greenville	5/23/2013	5.7	7 mi WNW of Greenville, CA	1	1,500.00	135.00	\$1,635.00
14460	Westwood	3/17/2014	4.4	6mi NNW of Westwood, CA	5	42,989.89	3,869.09	\$46,858.98
14470	La Habra	3/28/2014	5.1	1mi S of La Habra, CA	96	290,443.35	26,139.90	\$316,583.25
	2014 Minor Quakes				0	0.00	0.00	\$0.00
Total					284	\$4,318,463.54	\$367,501.48	\$4,685,965.02

Claims History Report Glossary

Event Code: A 5 digit code that the CEA assigns to all earthquakes expected to produce paid losses. This code is used to track statistics for a particular earthquake.

Event Name: This is generally the name given to the earthquake by the USGS (United States Geological Survey).

Date of Event: Date that the earthquake occurred.

Magnitude: Richter scale magnitude assigned by USGS.

Location: This is assigned by USGS and is usually a city close to the earthquake.

of Paid Claims: A numeric count of the claims that received a payment for damage caused by a particular earthquake.

Losses Paid: Total dollar amount of all claims paid to the policyholders for a particular earthquake.

LAE Paid: "LAE" stands for Loss Adjustment Expense which is always 9% of paid losses. This is the amount paid to the Participating Insurers for handling the claim.

Total Paid Losses and ALE: The sum of Losses Paid and LAE Paid.

Minor Quakes: Losses paid for damage from minor earthquakes that were initially not expected to generate a claim and therefore were not issued a CEA event code.

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

TOTALS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Homeowners							
15% Total	578,271	67.5 %	266,291,657,273	80.7 %	454,183,329	77.8 %	785
10% Total	74,675	8.7 %	36,847,078,257	11.2 %	61,051,840	10.5 %	818
Homeowners Total	652,946	76.3 %	303,138,735,530	91.8 %	515,235,169	88.2 %	789
Homeowners Choice							
15% Total	11,979	1.4 %	7,032,262,547	2.1 %	12,157,671	2.1 %	1,015
10% Total	8,179	1.0 %	4,635,576,948	1.4 %	7,194,192	1.2 %	880
Homeowners Choice Total	20,158	2.4 %	11,667,839,495	3.5 %	19,351,863	3.3 %	960
Manufactured Homes (Mobilehomes)- Homeowners							
15% Total	22,199	2.6 %	2,426,183,119	0.7 %	2,534,829	0.4 %	114
10% Total	4,719	0.6 %	721,605,068	0.2 %	646,125	0.1 %	137
Manufactured Homes (Mobilehomes)- Homeowners Total	26,918	3.1 %	3,147,788,187	1.0 %	3,180,954	0.5 %	118
Manufactured Homes (Mobilehomes)- Homeowners Choice							
15% Total	219	0.0 %	33,581,280	0.0 %	36,920	0.0 %	169
10% Total	278	0.0 %	46,665,670	0.0 %	36,651	0.0 %	132
Manufactured Homes (Mobilehomes)- Homeowners Choice Total	497	0.1 %	80,246,950	0.0 %	73,570	0.0 %	148
Condo Total	104,799	12.2 %	10,154,791,500	3.1 %	39,891,479	6.8 %	381
Renters Total	50,902	5.9 %	1,963,058,000	0.6 %	6,119,036	1.0 %	120
Grand Total	856,220	100.0 %	330,152,459,662	100.0 %	583,852,071	100.0 %	682

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

HOMEOWNERS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k	578,271	88.6 %	258,143,857,773	85.2 %	424,261,333	82.3 %	734
BCU 20k	73,825	11.3 %	738,250,000	0.2 %	1,221,268	0.2 %	17
Coverage C 25k	33,588	5.1 %	671,760,000	0.2 %	4,641,061	0.9 %	138
Coverage C 50k	21,270	3.3 %	957,150,000	0.3 %	4,817,273	0.9 %	226
Coverage C 75k	9,238	1.4 %	646,660,000	0.2 %	2,658,795	0.5 %	288
Coverage C 100k	34,494	5.3 %	3,276,930,000	1.1 %	11,999,830	2.3 %	348
Coverage D 10k	38,440	5.9 %	326,740,000	0.1 %	956,876	0.2 %	25
Coverage D 15k	66,029	10.1 %	891,391,500	0.3 %	2,441,698	0.5 %	37
Coverage D 25k	27,188	4.2 %	638,918,000	0.2 %	1,185,193	0.2 %	44
15% Total	578,271	88.6 %	266,291,657,273	87.8 %	454,183,329	88.2 %	785
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k	74,675	11.4 %	33,073,469,757	10.9 %	49,273,941	9.6 %	660
BCU 20k	22,107	3.4 %	221,070,000	0.1 %	299,071	0.1 %	14
Coverage C 25k	11,790	1.8 %	235,800,000	0.1 %	1,695,566	0.3 %	144
Coverage C 50k	8,432	1.3 %	379,440,000	0.1 %	1,626,741	0.3 %	193
Coverage C 75k	4,044	0.6 %	283,080,000	0.1 %	988,730	0.2 %	244
Coverage C 100k	19,925	3.1 %	1,892,875,000	0.6 %	5,915,684	1.1 %	297
Coverage D 10k	13,664	2.1 %	116,144,000	0.0 %	244,616	0.0 %	18
Coverage D 15k	23,457	3.6 %	316,669,500	0.1 %	614,017	0.1 %	26
Coverage D 25k	13,980	2.1 %	328,530,000	0.1 %	393,475	0.1 %	28
10% Total	74,675	11.4 %	36,847,078,257	12.2 %	61,051,840	11.8 %	818
Homeowners Total	652,946	100.0 %	303,138,735,530	100.0 %	515,235,169	100.0 %	789

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

HOMEOWNERS CHOICE	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k ¹	11,979	59.4 %	6,596,525,547	56.5 %	10,298,730	53.2 %	860
BCU 20k	4,238	21.0 %	42,380,000	0.4 %	75,966	0.4 %	18
Coverage C 25k	1,601	7.9 %	32,020,000	0.3 %	336,857	1.7 %	210
Coverage C 50k	1,181	5.9 %	53,145,000	0.5 %	314,304	1.6 %	266
Coverage C 75k	413	2.0 %	28,910,000	0.2 %	123,264	0.6 %	298
Coverage C 100k	1,648	8.2 %	156,560,000	1.3 %	628,254	3.2 %	381
Coverage D 10k	1,375	6.8 %	11,687,500	0.1 %	55,955	0.3 %	41
Coverage D 15k	851	4.2 %	11,488,500	0.1 %	44,618	0.2 %	52
Coverage D 25k	4,236	21.0 %	99,546,000	0.9 %	279,723	1.4 %	66
15% Total	11,979	59.4 %	7,032,262,547	60.3 %	12,157,671	62.8 %	1,015
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k ¹	8,179	40.6 %	4,177,122,948	35.8 %	5,633,614	29.1 %	689
BCU 20k	3,503	17.4 %	35,030,000	0.3 %	50,275	0.3 %	14
Coverage C 25k	1,523	7.6 %	30,460,000	0.3 %	266,208	1.4 %	175
Coverage C 50k	1,320	6.5 %	59,400,000	0.5 %	282,311	1.5 %	214
Coverage C 75k	464	2.3 %	32,480,000	0.3 %	106,479	0.6 %	229
Coverage C 100k	2,025	10.0 %	192,375,000	1.6 %	626,042	3.2 %	309
Coverage D 10k	1,360	6.7 %	11,560,000	0.1 %	36,873	0.2 %	27
Coverage D 15k	752	3.7 %	10,152,000	0.1 %	26,943	0.1 %	36
Coverage D 25k	3,702	18.4 %	86,997,000	0.7 %	165,447	0.9 %	45
10% Total	8,179	40.6 %	4,635,576,948	39.7 %	7,194,192	37.2 %	880
Homeowners Choice Total	20,158	100.0 %	11,667,839,495	100.0 %	19,351,863	100.0 %	960

¹Includes policies with Coverage A, C and D, Coverage A and C, Coverage A and D, and Coverage A only

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

MANUFACTURED HOMES (MOBILEHOMES)- HOMEOWNERS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k	22,199	82.5 %	2,224,459,619	70.7 %	2,410,457	75.8 %	109
Coverage C 25k	1,696	6.3 %	33,920,000	1.1 %	38,141	1.2 %	22
Coverage C 50k	1,103	4.1 %	49,635,000	1.6 %	35,996	1.1 %	33
Coverage C 75k	362	1.3 %	25,340,000	0.8 %	13,737	0.4 %	38
Coverage C 100k	490	1.8 %	46,550,000	1.5 %	21,052	0.7 %	43
Coverage D 10k	1,575	5.9 %	13,387,500	0.4 %	5,799	0.2 %	4
Coverage D 15k	1,331	4.9 %	17,968,500	0.6 %	6,172	0.2 %	5
Coverage D 25k	635	2.4 %	14,922,500	0.5 %	3,475	0.1 %	5
15% Total	22,199	82.5 %	2,426,183,119	77.1 %	2,534,829	79.7 %	114
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k	4,719	17.5 %	514,652,068	16.3 %	556,576	17.5 %	118
Coverage C 25k	1,526	5.7 %	30,520,000	1.0 %	25,417	0.8 %	17
Coverage C 50k	1,123	4.2 %	50,535,000	1.6 %	24,610	0.8 %	22
Coverage C 75k	356	1.3 %	24,920,000	0.8 %	10,195	0.3 %	29
Coverage C 100k	540	2.0 %	51,300,000	1.6 %	17,974	0.6 %	33
Coverage D 10k	1,367	5.1 %	11,619,500	0.4 %	3,346	0.1 %	2
Coverage D 15k	1,296	4.8 %	17,496,000	0.6 %	4,399	0.1 %	3
Coverage D 25k	875	3.3 %	20,562,500	0.7 %	3,608	0.1 %	4
10% Total	4,719	17.5 %	721,605,068	22.9 %	646,125	20.3 %	137
Manufactured Homes (Mobilehomes)-Homeowners Total	26,918	100.0 %	3,147,788,187	100.0 %	3,180,954	100.0 %	118

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

MANUFACTURED HOMES (MOBILEHOMES)- HOMEOWNERS CHOICE	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k ¹	219	44.1 %	25,804,280	32.2 %	30,346	41.2 %	139
Coverage C 25k	58	11.7 %	1,160,000	1.4 %	1,983	2.7 %	34
Coverage C 50k	35	7.0 %	1,575,000	2.0 %	1,810	2.5 %	52
Coverage C 75k	16	3.2 %	1,120,000	1.4 %	652	0.9 %	41
Coverage C 100k	15	3.0 %	1,425,000	1.8 %	696	0.9 %	46
Coverage D 10k	29	5.8 %	246,500	0.3 %	272	0.4 %	9
Coverage D 15k	17	3.4 %	229,500	0.3 %	159	0.2 %	9
Coverage D 25k	86	17.3 %	2,021,000	2.5 %	1,000	1.4 %	12
15% Total	219	44.1 %	33,581,280	41.8 %	36,920	50.2 %	169
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k ¹	278	55.9 %	32,974,670	41.1 %	29,735	40.4 %	107
Coverage C 25k	105	21.1 %	2,100,000	2.6 %	2,362	3.2 %	22
Coverage C 50k	63	12.7 %	2,835,000	3.5 %	1,553	2.1 %	25
Coverage C 75k	23	4.6 %	1,610,000	2.0 %	579	0.8 %	25
Coverage C 100k	31	6.2 %	2,945,000	3.7 %	889	1.2 %	29
Coverage D 10k	54	10.9 %	459,000	0.6 %	346	0.5 %	6
Coverage D 15k	30	6.0 %	405,000	0.5 %	196	0.3 %	7
Coverage D 25k	142	28.6 %	3,337,000	4.2 %	991	1.3 %	7
10% Total	278	55.9 %	46,665,670	58.2 %	36,651	49.8 %	132
Manufactured Homes (Mobilehomes)-Homeowners Choice Total	497	100.0 %	80,246,950	100.0 %	73,570	100.0 %	148

¹Includes policies with Coverage A, C and D, Coverage A and C, Coverage A and D, and Coverage A only

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

CONDO	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Coverage A/BCU 10k	78,110	74.5 %	2,733,850,000	26.9 %	8,203,332	20.6 %	105
Coverage C 5k/D 1.5k	33,464	31.9 %	217,516,000	2.1 %	2,382,097	6.0 %	71
Coverage C 5k ¹	10,807	10.3 %	54,035,000	0.5 %	664,123	1.7 %	61
Coverage C 25k	15,745	15.0 %	393,625,000	3.9 %	1,774,119	4.4 %	113
Coverage C 50k	12,663	12.1 %	633,150,000	6.2 %	1,569,234	3.9 %	124
Coverage C 75k	5,615	5.4 %	421,125,000	4.1 %	750,346	1.9 %	134
Coverage C 100k	12,179	11.6 %	1,217,900,000	12.0 %	1,674,777	4.2 %	138
Coverage D 1.5k ²	7,247	6.9 %	10,870,500	0.1 %	94,058	0.2 %	13
Coverage D 10k	14,177	13.5 %	141,770,000	1.4 %	361,308	0.9 %	25
Coverage D 15k	22,855	21.8 %	342,825,000	3.4 %	622,861	1.6 %	27
Coverage D 25k	12,730	12.1 %	318,250,000	3.1 %	346,430	0.9 %	27
Coverage E 25k	3,282	3.1 %	82,050,000	0.8 %	726,586	1.8 %	221
Coverage E 50k	58,885	56.2 %	2,944,250,000	29.0 %	17,465,258	43.8 %	297
Coverage E 75k	8,581	8.2 %	643,575,000	6.3 %	3,256,949	8.2 %	380
Condo Total	104,799	100.0 %	10,154,791,500	100.0 %	39,891,479	100.0 %	381

¹Policies that have a Coverage C limit of 5k and a Coverage D limit >1.5k

²Policies that have a Coverage D limit of 1.5k and a Coverage C limit >5k

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 7/23/2014 - Policies in Force on: 06/30/2014

RENTERS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Coverage C 5k/D 1.5k	19,273	37.9 %	125,274,500	6.4 %	1,410,516	23.1 %	73
Coverage C 5k ¹	3,898	7.7 %	19,490,000	1.0 %	267,202	4.4 %	69
Coverage C 25k	12,902	25.3 %	322,550,000	16.4 %	1,576,465	25.8 %	122
Coverage C 50k	7,686	15.1 %	384,300,000	19.6 %	1,027,963	16.8 %	134
Coverage C 75k	2,301	4.5 %	172,575,000	8.8 %	329,943	5.4 %	143
Coverage C 100k	4,842	9.5 %	484,200,000	24.7 %	679,077	11.1 %	140
Coverage D 1.5k ²	5,329	10.5 %	7,993,500	0.4 %	71,979	1.2 %	14
Coverage D 10k	8,361	16.4 %	83,610,000	4.3 %	233,105	3.8 %	28
Coverage D 15k	8,541	16.8 %	128,115,000	6.5 %	249,172	4.1 %	29
Coverage D 25k	9,398	18.5 %	234,950,000	12.0 %	273,614	4.5 %	29
Renters Total	50,902	100.0 %	1,963,058,000	100.0 %	6,119,036	100.0 %	120

¹Policies that have a Coverage C limit of 5k and a Coverage D limit >1.5k

²Policies that have a Coverage D limit of 1.5k and a Coverage C limit >5k



CEA GOVERNING BOARD MEETING DATES - 2014

February 10, 2014 – Monday - Added

February 27, 2014 – Thursday

March 25, 2014 – Tuesday – Added

March 28, 2014 – Friday - Added

May 15, 2014 – Thursday

August 28, 2014 – Thursday

October 7, 2014 – Tuesday - Added

**~~December 11, 2014 – Thursday~~ – Rescheduled for ~~December 17, 2014~~ –
Wednesday**

IMPORTANT NOTE: *This schedule is for future meetings that have been proposed and approved by the CEA Governing Board. Meeting dates, times, and locations are subject to change. The final dates, times, and locations will be announced on an official Public Notice, issued by the CEA 10 or more days before the date of the meeting. Public Notices are also posted on the CEA Web site www.EarthquakeAuthority.com*