



Date of Notice: Friday, February 14, 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, February 27, 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) 325-3800 for further assistance.

2. Consideration and approval of the minutes of the December 16, 2013, and February 10, 2014, Governing Board meetings.
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 federal and state legislative activities of interest to the CEA.
4. Chief Financial Officer Tim Richison will present a financial report.
5. Mr. Richison will seek Board approval to contract with liquidity fund investment manager and primary fund investment manager, selected in a competitive procurement, and execute the resulting, negotiated contracts with Eaton Vance Management and American Beacon Advisors.
6. Mr. Richison will seek Board authorization to set the CEA participating insurers' respective maximum-earthquake-loss funding-assessment levels, effective April 1, 2014.
7. Chief Mitigation Officer Janiele Maffei will provide a report to the Board on the activities from the 20th Anniversary of the Northridge Earthquake event, including sponsorship by the CEA and staff participation in the historic two-day symposium.
8. Ms. Maffei will update the Board on the CEA's mitigation program "Pre-Standards Project" and other mitigation-related research.
9. Ms. Maffei will update the Board on the California Residential Mitigation Program (CRMP) incentive program, operated by a joint powers authority whose members are the California Office of Emergency Services and the CEA.
10. Chief Actuary Shawna Ackerman will present for Board consideration a renewal and extension of the CEA's contract with earthquake modeling firm AIR Worldwide ("AIR").
11. Chief Information Office Todd Coombes will give a progress report to the Board on the 2014 CEA IT Project Portfolio.
12. Mr. Coombes will update the Board on a procurement charter to support the portfolio-related contracting.
13. Mr. Coombes will update the Board on the CEA's IT Infrastructure Managed Services RFP.
14. Mr. Pomeroy will present the 2014 CEA Business Implementation Plan for Board consideration and approval.
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) 325-3800
Toll free (877) 797-4300

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Media Contact:

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Chief Communications Officer
(916) 325-3827 (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

February 27, 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.



FINANCIAL REPORT

As of December 31, 2013

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

Financial Statements, Budgets & Underwriting Profit

California Earthquake Authority
Balance Sheet
As of December 31, 2013

Assets

Cash and investments:	
Cash and cash equivalents	\$ 259,465,503
Restricted cash & equivalents	56,502,136
Restricted investments	314,344,303
Investments	<u>4,388,215,631</u>
Total cash and investments	5,018,527,573
Premiums receivable, net of allowance for doubtful accounts of \$6,349,145	45,192,923
Capital contributions receivable	-
Risk capital surcharge receivable	-
Interest receivable	14,108,686
Securities receivable	-
Restricted securities receivable	-
Prepaid reinsurance premium	5,367,911
Transformer reinsurance premium deposit	14,661,400
Prepaid transformer maintenance premium	350,859
Equipment, net	1,017,092
Deferred policy acquisition costs	39,807,893
Other assets	<u>357,090</u>
Total assets	<u><u>\$ 5,139,391,427</u></u>

Liabilities and Net Position

Unearned premiums	\$ 296,410,225
Accounts payable and accrued expenses	7,809,242
Payable to California Residential Mitigation Program	-
Accrued reinsurance premium expense	6,103,759
Claim and claim expense reserves	39,513
Securities payable	-
Revenue bond payable	94,500,000
Revenue bond interest payable	<u>2,914,853</u>
Total liabilities	<u>407,777,592</u>

Net position:

Restricted, expendable	274,488,211
Unrestricted, participating insurer contributed capital	777,384,796
Unrestricted, State of California contributed capital	195,928,028
Unrestricted, all other remaining	<u>3,483,812,800</u>
Total net position	<u>4,731,613,835</u>
Total liabilities and net position	<u><u>\$ 5,139,391,427</u></u>

California Earthquake Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2013

Underwriting income:	
Premiums written	\$ 574,507,234
Less premiums ceded - reinsurance	(212,741,709)
Less risk capital surcharge	-
	<hr/>
Net premiums written	361,765,525
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Change in unearned premiums	(5,777,936)
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Net unearned premiums	(5,777,936)
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Net premiums earned	355,987,589
	<hr/>
Expenses:	
Claim and claims expense	374,975
Participating Insurer commissions	56,890,741
Participating Insurer operating costs	17,538,868
Reinsurance broker commissions	4,800,000
Pro forma premium taxes	13,757,939
Other underwriting expenses	29,503,474
	<hr/>
Total expenses	122,865,997
	<hr/>
Underwriting profit	233,121,592
Net investment income	2,133,304
Other income	464,261
Financing expenses, net	(5,161,104)
Earthquake Loss Mitigation Fund expenses	(1,403,094)
Participating Insurer Contributed Capital	-
State of California premium tax contribution	13,757,939
	<hr/>
Increase in net position	242,912,898
Net position, beginning of year	4,488,700,937
Net position, end of year	<u><u>\$ 4,731,613,835</u></u>

CALIFORNIA EARTHQUAKE AUTHORITY
Insurance Services
Budgeted Expenditures and Actual Expenditures
2013 Budget Year

	(a)	(b)	(c)	(d) (d=a+b+c)	(e)	(f) (f=d-e)	(g) (g=e/d)
	Approved 2013 Budget 1/1/2013	Adjustments thru 12/31/2013	Augmentations thru 12/31/2013	2013 Budget after Augmentations and Adjustments	Actual Expenditures at 12/31/13	Augmented & Adjusted Approved Budget (d) vs. Actual Expenses (e) at 12/31/13	Percentage used of Augmented & Adjusted Approved 2013 Budget
Salaries & Benefits	\$ 11,014,438	\$ (641,294)	\$ -	\$ 10,373,144	\$ 9,359,556	\$ 1,013,588	90.23%
Rent	749,475	-	-	749,475	734,388	15,087	97.99%
Travel	394,267	(81,000)	-	313,267	253,941	59,326	81.06%
Non-paid Consultant Travel	1,664	-	-	1,664	-	1,664	0.00%
Telecommunications	215,393	16,436	-	231,829	231,083	746	99.68%
Training	222,719	-	-	222,719	183,557	39,162	82.42%
Insurance	143,415	2,786	-	146,201	146,201	-	100.00%
Board/Panel Services	23,036	198	-	23,234	20,022	3,212	86.18%
Administration & Office ¹ (Software Maint & Support, Printing & Stationery, Postage)	1,402,925	299,149	65,000	1,767,074	1,420,427	346,647	80.38%
Data Management Services	543,691	(100,459)	-	443,232	442,595	637	99.86%
Other Administrative Services	49,493	3,000	-	52,493	52,029	464	99.12%
Furniture/Equipment	33,418	16,066	-	49,484	8,943	40,541	18.07%
EDP Hardware/Software	349,215	485,118	-	834,333	833,438	895	99.89%
Dept of Insurance Examination	71	-	-	71	-	71	0.00%
Total Operating Expenses	\$ 15,143,220	\$ -	\$ 65,000	\$ 15,208,220	\$ 13,686,180	\$ 1,522,040	89.99%
Consulting Services							
Actuarial	25,000	-	-	25,000	-	25,000	0.00%
Claims	10,000	-	-	10,000	10,000	-	100.00%
Compliance	100,000	(25,000)	-	75,000	6,750	68,250	9.00%
Financial Consulting	350,000	(200,000)	-	150,000	148,609	1,391	99.07%
Government Relations	117,650	64,000	-	181,650	181,466	184	99.90%
Human Resources	300,000	(9,000)	-	291,000	72,461	218,539	24.90%
Information Systems	128,750	-	-	128,750	99,650	29,100	77.40%
Internal Audit	100,000	-	-	100,000	3,612	96,388	3.61%
Investment Compliance	30,000	-	-	30,000	4,269	25,731	14.23%
Public Relations	100,000	-	-	100,000	94,152	5,848	94.15%
Other Consulting Services	160,500	170,000	-	330,500	237,950	92,550	72.00%
Total Consulting Services	\$ 1,421,900	\$ -	\$ -	\$ 1,421,900	\$ 858,919	\$ 562,981	60.41%

¹Governing Board augmented 2013 budget on February 28, 2013, to provide for cost of printing CEA-product brochures.

CALIFORNIA EARTHQUAKE AUTHORITY
Insurance Services
Budgeted Expenditures and Actual Expenditures
2013 Budget Year

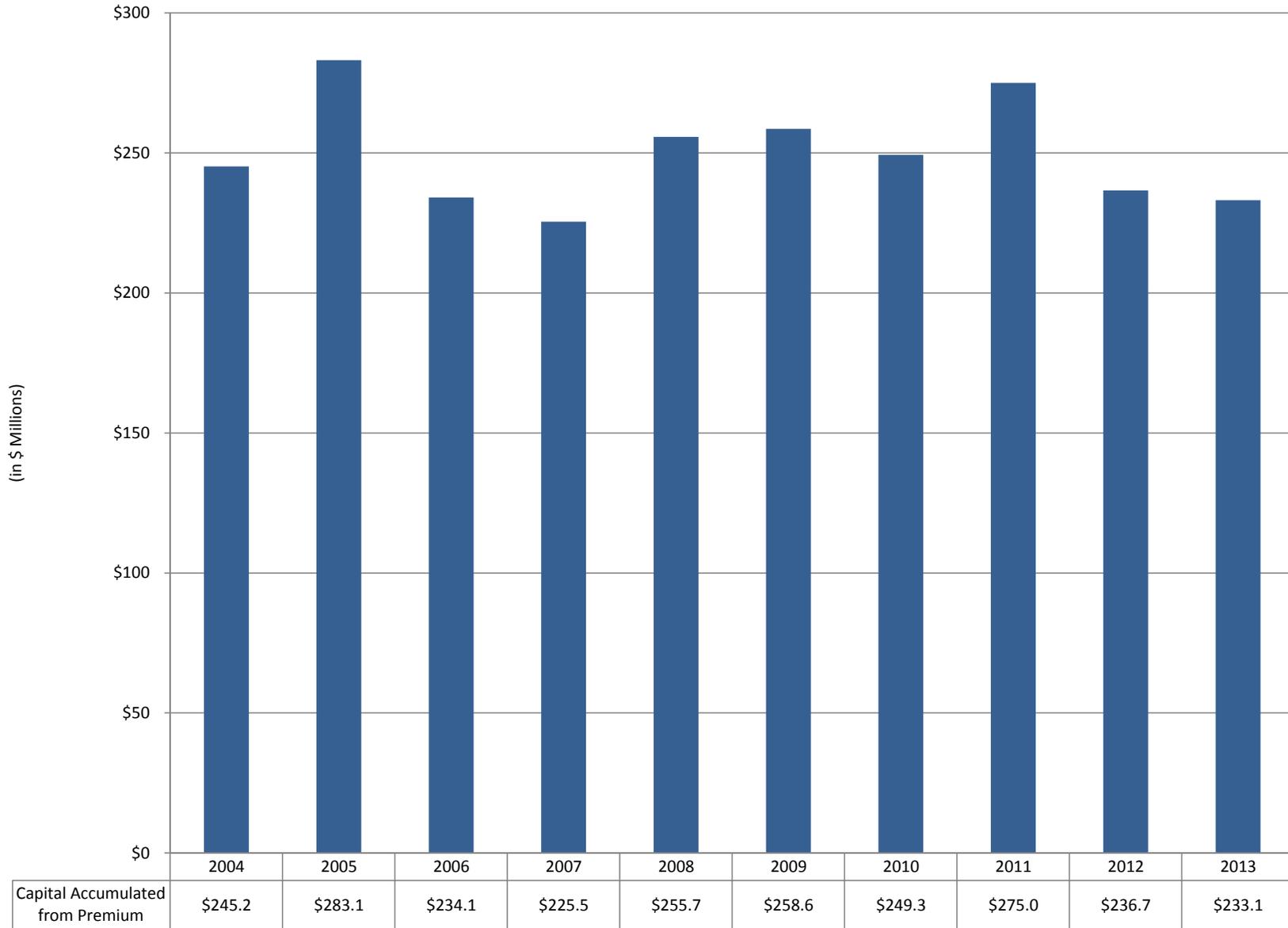
	(a)	(b)	(c)	(d) (d=a+b+c)	(e)	(f) (f=d-e)	(g) (g=e/d)
	<u>Approved 2013 Budget 1/1/2013</u>	<u>Adjustments thru 12/31/2013</u>	<u>Augmentations thru 12/31/2013</u>	<u>2013 Budget after Augmentations and Adjustments</u>	<u>Actual Expenditures at 12/31/13</u>	<u>Augmented & Adjusted Approved Budget (d) vs. Actual Expenses (e) at 12/31/13</u>	<u>Percentage used of Augmented & Adjusted Approved 2013 Budget</u>
Research	280,000	22,020	-	302,020	295,270	6,750	97.77%
Contracted Services							
Agent Services	100,000	-	-	100,000	53,512	46,488	53.51%
Audit Services	130,000	-	-	130,000	128,297	1,703	98.69%
Brochure/Information Products	285,000	-	-	285,000	56,709	228,291	19.90%
Communications	62,800	-	-	62,800	50,000	12,800	79.62%
Consumer Services	300,000	(11,000)	-	289,000	-	289,000	0.00%
Dynamic Financial Analysis	65,000	-	-	65,000	-	65,000	0.00%
Legal Services-Claims Counsel	300,000	-	-	300,000	121,707	178,293	40.57%
Legal Service - Non-Claims	4,260,000	-	-	4,260,000	3,996,136	263,864	93.81%
Marketing Services ²	7,184,403	11,000	624,000	7,819,403	7,819,394	9	100.00%
Modeling Services	1,234,000	-	-	1,234,000	778,978	455,022	63.13%
Rating Agencies	200,000	-	-	200,000	191,600	8,400	95.80%
Staffing Services - Support and Admin	2,904,131	-	-	2,904,131	2,494,890	409,241	85.91%
Other Contracted Services	444,500	(22,020)	-	422,480	39,716	382,764	9.40%
Total Contracted Services	\$ 17,469,834	\$ (22,020)	\$ 624,000	\$ 18,071,814	\$ 15,730,939	2,340,875	87.05%
Participating Insurer Commissions	59,133,038	-	-	59,133,038	57,468,535	1,664,503	97.19%
Participating Insurer Operating Costs	18,272,109	-	-	18,272,109	17,737,051	535,058	97.07%
Investment Expenses	2,488,981	-	-	2,488,981	2,197,826	291,155	88.30%
Financing Expenses	7,151,023	-	-	7,151,023	7,139,566	11,457	99.84%
Risk Transfer	230,195,428	-	-	230,195,428	217,541,709	12,653,719	94.50%
Risk Transfer - Exposure Adjustment	18,846,376	-	-	18,846,376	-	18,846,376	0.00%
Total Expenditures	\$ 370,401,909	\$ -	\$ 689,000	\$ 371,090,909	\$ 332,655,995	\$ 38,434,914	89.64%

² Governing Board pre-approved portions of 2014 budget on May 23, 2013 (to support 2014 marketing-program details) and on August 29, 2013 (to cover 2014 television, radio, trade, and on-line advertising and marketing costs)."

CALIFORNIA EARTHQUAKE AUTHORITY
Mitigation
Budgeted Expenditures and Actual Expenditures
2013 Budget Year

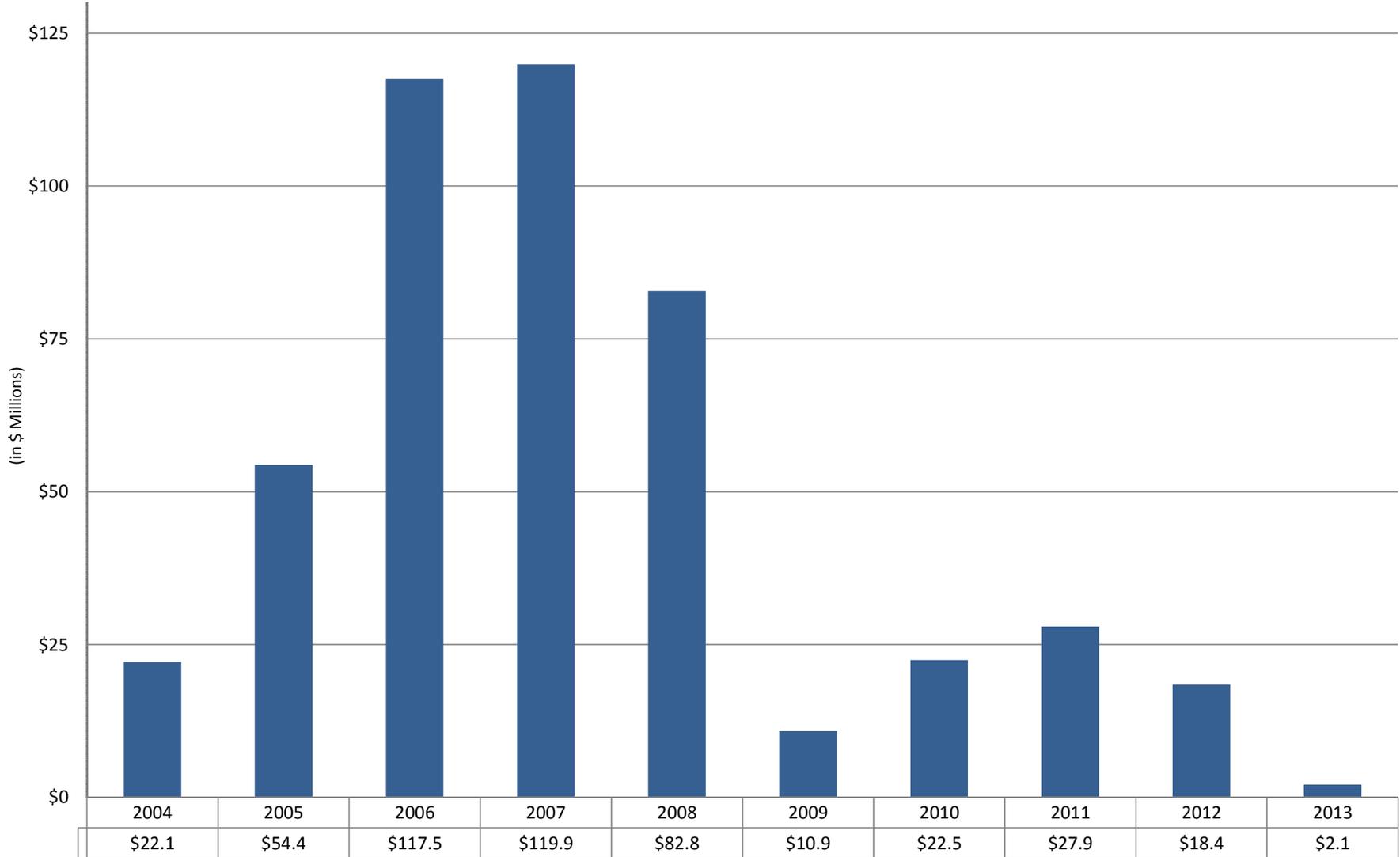
	(a)	(b)	(c)	(d) (d=a+b+c)	(e)	(f) (f=d-e)	(g) (g=e/d)
	Approved 2013 Budget 1/1/2013	Adjustments thru 12/31/2013	Augmentations thru 12/31/2013	2013 Budget after Augmentations and Adjustments	Actual Expenditures at 12/31/13	Augmented & Adjusted Approved Budget (d) vs. Actual Expenses (e) at 12/31/13	Percentage used of Augmented & Adjusted Approved 2013 Budget
Salaries & Benefits	\$ 241,962	\$ -	\$ 23,000	\$ 264,962	\$ 247,550	\$ 17,412	93.43%
Rent	25,200	-	-	25,200	19,158	6,042	76.02%
Travel	34,000	-	-	34,000	16,905	17,095	49.72%
Non-paid Consultant Travel	1,000	4,000	-	5,000	-	5,000	0.00%
Telecommunications	7,250	-	-	7,250	4,920	2,330	67.86%
Training	15,250	-	-	15,250	6,222	9,028	40.80%
Insurance	5,000	-	-	5,000	-	5,000	0.00%
Board/Panel Services	-	-	-	-	-	-	0.00%
Administration & Office (Software Maint & Support, Printing & Stationery, Postage)	122,850	4,250	-	127,100	24,933	102,167	19.62%
Furniture/Equipment	1,400	-	600	2,000	619	1,381	30.95%
EDP Hardware/Software	-	-	2,500	2,500	-	2,500	0.00%
Total Operating Expenses	\$ 453,912	\$ 8,250	\$ 26,100	\$ 488,262	\$ 320,307	\$ 167,955	65.60%
Consulting Services							
Other Consulting Services	25,000	(8,250)	-	16,750	-	16,750	0.00%
Total Consulting Services	\$ 25,000	\$ (8,250)	\$ -	\$ 16,750	\$ -	\$ 16,750	0.00%
Contracted Services							
Mitigation Projects	325,000	-	-	325,000	58,433	266,567	17.98%
Staffing Services - Support and Admin	14,367	-	12,000	26,367	24,772	1,595	93.95%
Other Contracted Services	10,000	-	-	10,000	-	10,000	0.00%
Total Contracted Services	\$ 349,367	\$ -	\$ 12,000	\$ 361,367	\$ 83,205	\$ 278,162	23.03%
CRMP Contribution	-	-	1,000,000	1,000,000	1,000,000	-	100.00%
Investment Expenses	25,000	-	-	25,000	20,990	4,010	83.96%
Total Expenditures	\$ 853,279	\$ -	\$ 1,038,100	\$ 1,891,379	\$ 1,424,502	\$ 466,877	75.32%

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



Investments

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

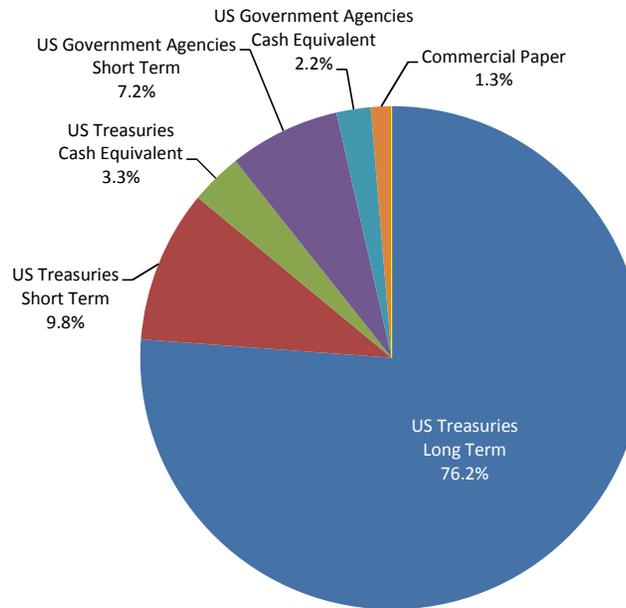


NOTE: Prior to 2009, investment income was reported from FASB financial statements which did not include unrealized gains or losses and were net of manager fees.

**California Earthquake Authority
Investment Portfolio Distribution at Market Value
As of December 31, 2013**

CEA Liquidity & Primary Fund:	\$4,644,880,801
US Treasuries Long Term	76.2%
US Treasuries Short Term	9.8%
US Treasuries Cash Equivalent	3.3%
US Government Agencies Short Term	7.2%
US Government Agencies Cash Equivalent	2.2%
Commercial Paper	1.3%
Commercial Paper Cash Equivalent	0.0%
Total:	100.0%

CEA Liquidity & Primary Fund

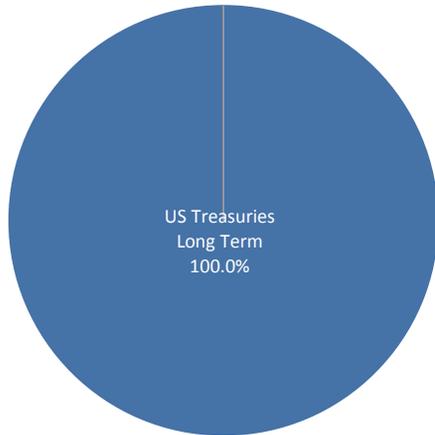


**California Earthquake Authority
Investment Portfolio Distribution at Market Value
As of December 31, 2013**

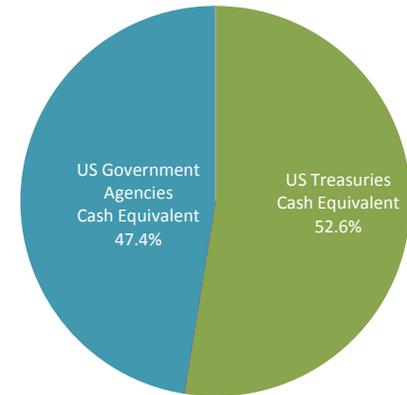
Claim-Paying Fund	\$314,344,017
US Treasuries Long Term	100.0%
US Treasuries Short Term	0.0%
US Treasuries Cash Equivalent	0.0%
US Government Agencies Short Term	0.0%
US Government Agencies Cash Equivalent	0.0%
Commercial Paper	0.0%
Commercial Paper Cash Equivalent	0.0%
Total:	100.0%

Mitigation Fund:	\$24,399,080
US Treasuries Long Term	0.0%
US Treasuries Short Term	0.0%
US Treasuries Cash Equivalent	52.6%
US Government Agencies Short Term	0.0%
US Government Agencies Cash Equivalent	47.4%
Commercial Paper	0.0%
Commercial Paper Cash Equivalent	0.0%
Total:	100.0%

Claim-Paying Fund



Mitigation Fund



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	31-Dec-2013	A3 Outlook Stable	A Outlook Stable

DEBT-SERVICE SCHEDULE

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

Period Ending	Outstanding Principal	Principal	Interest	Debt Service	Annual Debt Service
1-Jan-13	\$126,000,000		\$3,886,470	\$3,886,470	
1-Jul-13	\$94,500,000	\$31,500,000	\$3,886,470	\$35,386,470	
2013					\$39,272,940
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					\$37,329,705
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					\$33,443,235

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

Claim-Paying Capacity

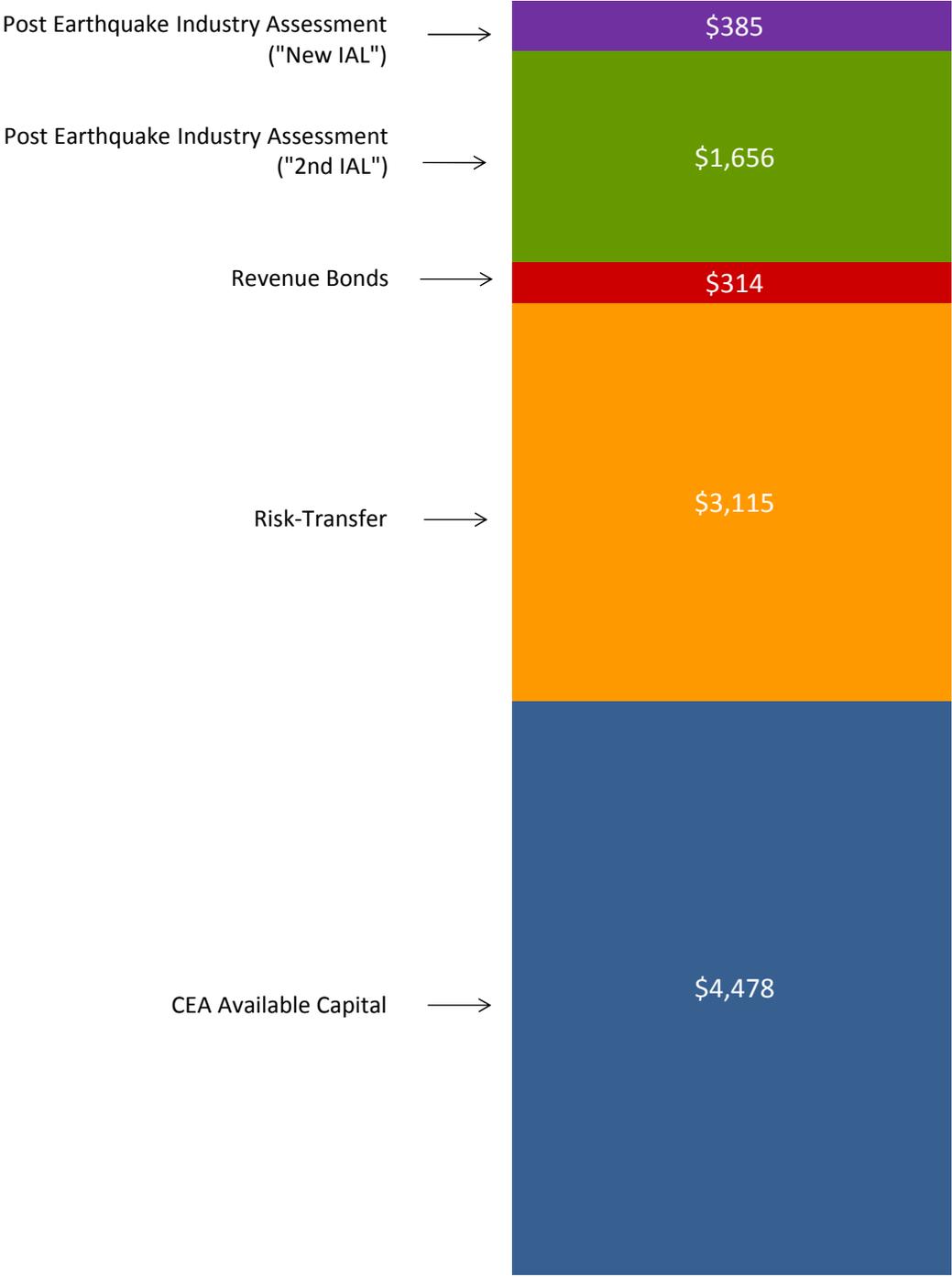
**California Earthquake Authority
Available Capital Report**

Available Capital as of December 31, 2013

Cash & Investments (includes capital contributions and premiums)	\$ 4,994,127,968 *
Interest, Securities & Restricted Securities Receivable	\$ 14,108,686
Premium Receivable	\$ 45,192,923
Risk Capital Surcharge & Capital Contributions Receivable	\$ -
Other Assets	\$ 357,090
Revenue Bonds	\$ (314,344,017)
Debt Service (Interest, Principal & Debt Service (Min. Bal.))	\$ (32,101,772)
Unearned Premium Collected	\$ (215,261,817)
Accrued Reinsurance Premium Expense	\$ (6,103,759)
Accounts and Securities Payable, and Accrued Expenses	\$ (7,809,242)
CEA Available Capital	<u>\$ 4,478,166,059</u>

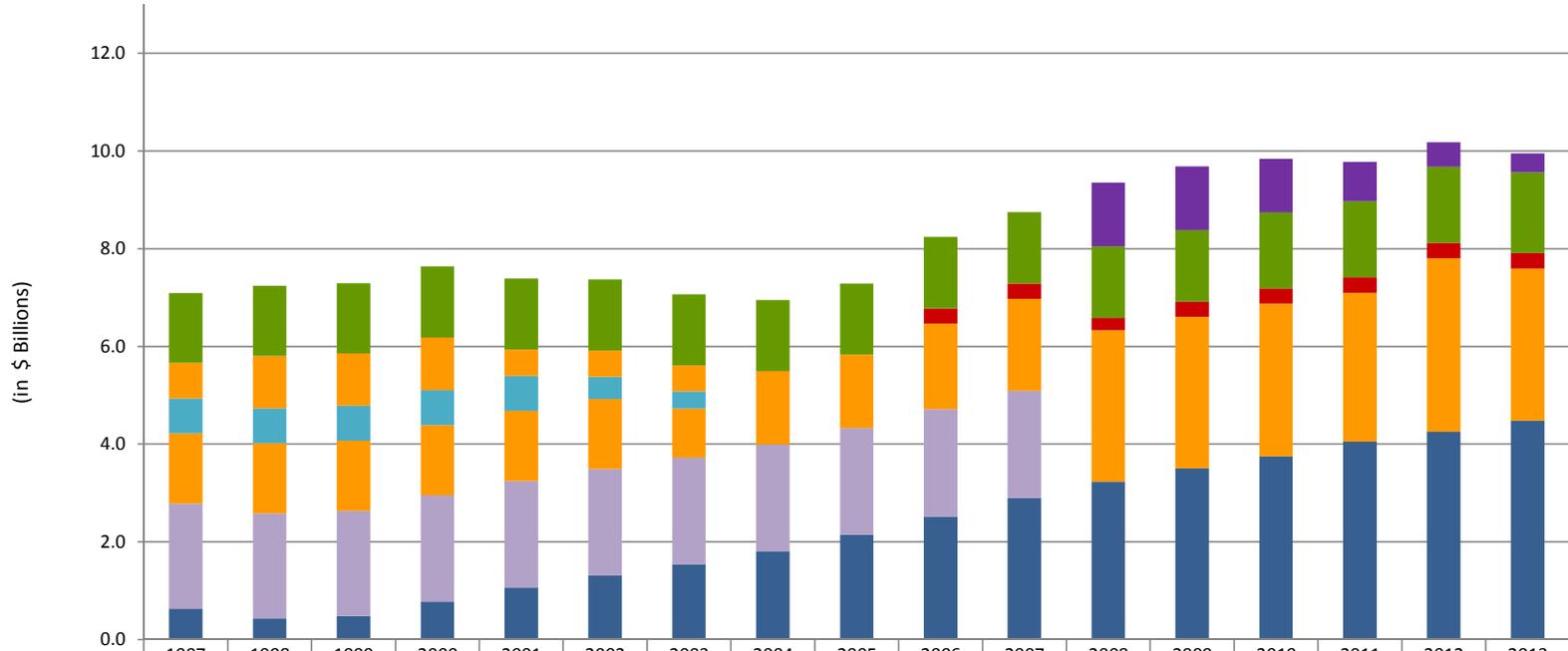
* Does not include Earthquake Loss Mitigation Fund cash and investments of \$24,399,605

**California Earthquake Authority
Claim-paying Capacity
As of December 31, 2013**



Total Capacity \$9,949M

**California Earthquake Authority
Total Claim-Paying Capacity (CPC)
As of December 31, 2013**



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total CPC	\$7.095	\$7.240	\$7.293	\$7.635	\$7.390	\$7.373	\$7.069	\$6.948	\$7.284	\$8.244	\$8.752	\$9.354	\$9.685	\$9.840	\$9.777	\$10.179	\$9.949
New Industry Assessment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.304	1.304	1.095	0.804	0.500	0.385
2nd Industry Assessment	1.434	1.434	1.434	1.456	1.456	1.456	1.456	1.456	1.456	1.465	1.465	1.465	1.465	1.558	1.558	1.558	1.656
Revenue Bonds	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.311	0.311	0.254	0.311	0.311	0.317	0.314	0.314
Risk-Transfer, 2nd Layer	0.727	1.075	1.075	1.075	0.538	0.538	0.538	0.000	0.000	0.000	0.000	0.000	0.000	0.000	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	0.000	0.000	0.000	0.000	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	1.885	3.100	3.100	3.123	3.050	3.557	3.115
1st Industry Assessment	2.150	2.150	2.150	2.183	2.183	2.183	2.183	2.183	2.183	2.197	2.197	0.000	0.000	0.000	0.000	0.000	0.000
CEA Available Capital	0.635	0.432	0.485	0.772	1.064	1.307	1.544	1.809	2.145	2.515	2.894	3.231	3.505	3.753	4.048	4.250	4.478

NOTE: In 2007 Revenue Bond proceeds were split between the Base-limits and Supplement programs.

Risk-Transfer Programs

**California Earthquake Authority
Risk-Transfer Program Summary
As of December 31, 2013**

Traditional Reinsurance Contracts	Contract Period	Reinsurance Limit	12-Month Rate-on-Line	12-Month Premium
2013 January Program	January 1, 2013 - December 31, 2013	715,595,320	6.90%	49,376,077
2013-2014 April Program Contract 1	April 1, 2013 - March 31, 2014	759,900,000	5.30%	40,274,700
2013-2015 April Program Contract 2	April 1, 2013 - March 31, 2015	84,999,960	5.30%	4,504,998
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 September Program	September 1, 2012 - August 31, 2015	100,000,000	5.70%	5,700,000
Total Traditional Reinsurance		2,515,494,200		

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	7.78%	11,670,000
Transformer Contract 2 (2012 - I)	February 7, 2012 – February 13, 2015	150,000,000	8.39%	12,585,000
Transformer Contract 3 (2012 - II)	August 1, 2012 – August 7, 2015	300,000,000	5.64%	16,923,000
Total Transformer Reinsurance		600,000,000		

Total Risk-Transfer Program	3,115,494,200
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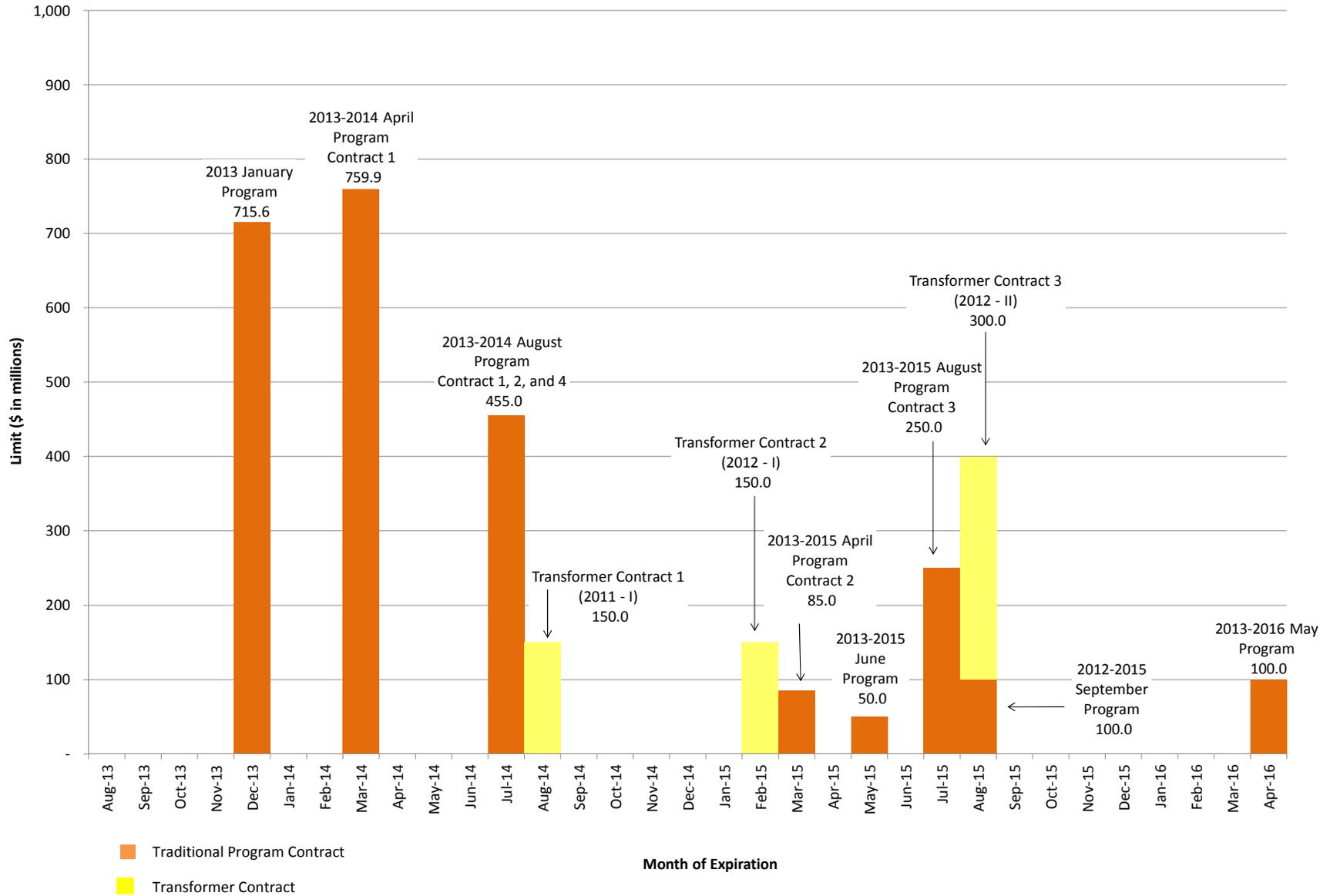
**California Earthquake Authority
Total Premium
2013 Risk-Transfer Program**

Traditional Reinsurance Contracts	Contract Period	2013 Premium
Program B	April 1, 2012 - March 31, 2013	19,397,706.73
Program C	May 1, 2012 - April 30, 2013	1,500,000.00
2013 August Program Contract 1	January 1, 2013 - July 31, 2013	21,000,000.00
2013 August Program Contract 2	January 1, 2013 - July 31, 2013	8,341,666.67
2013 August Program Contract 3	January 1, 2013 - July 31, 2013	10,500,000.00
2013 January Program	January 1, 2013 - December 31, 2013	49,376,077.08
2013-2014 April Program Contract 1	April 1, 2013 - March 31, 2014	30,206,025.00
2013-2014 August Program Contract 1	August 1, 2013 - July 31, 2014	7,374,998.03
2013-2014 August Program Contract 2	August 1, 2013 - July 31, 2014	3,141,666.67
2013-2014 August Program Contract 4	August 1, 2013 - July 31, 2014	739,553.75
2013-2015 April Program Contract 2	April 1, 2013 - March 31, 2015	3,378,748.41
2013-2015 June Program	June 1, 2013 - May 31, 2015	1,647,916.67
2013-2015 August Program Contract 3	August 1, 2013 - July 31, 2015	6,145,833.33
2012-2015 September Program	September 1, 2012 - August 31, 2015	5,700,000.00
2013-2016 May Program	May 1, 2013 - April 30, 2016	3,733,333.33
Total Traditional Reinsurance Premium		172,183,526

Transformer Reinsurance Contracts	Contract Period	2013 Premium
Transformer Contract 1 (2011 - I)	August 2, 2011 – August 8, 2014	11,504,915.66
Transformer Contract 2 (2012 - I)	February 7, 2012 – February 13, 2015	12,474,218.29
Transformer Contract 3 (2012 - II)	August 1, 2012 – August 7, 2015	16,770,005.72
Total Transformer Reinsurance Premium		40,749,140

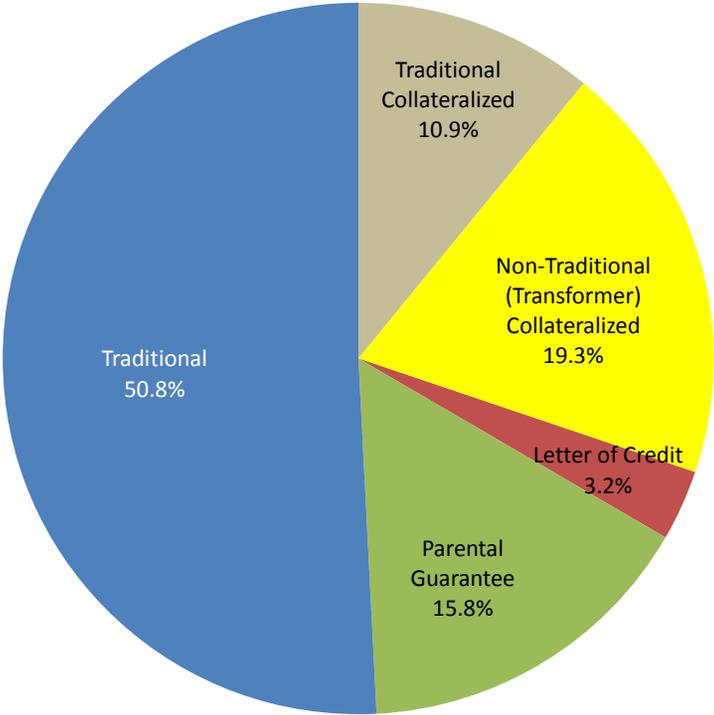
Total Risk-Transfer Program Premium	212,932,665
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**California Earthquake Authority
Risk-Transfer Program Contract Limits by Expiration
As of December 31, 2013**

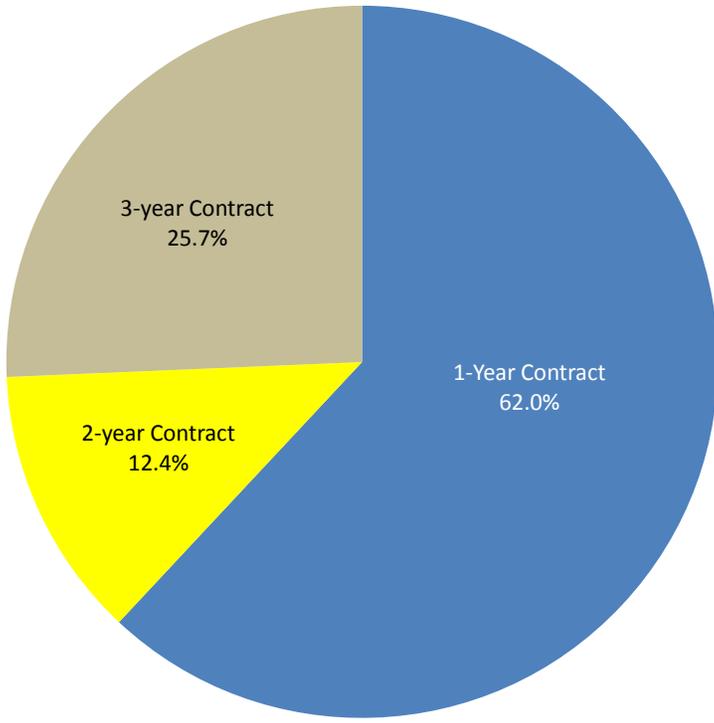


California Earthquake Authority
Risk-Transfer Program Summary
As of December 31, 2013

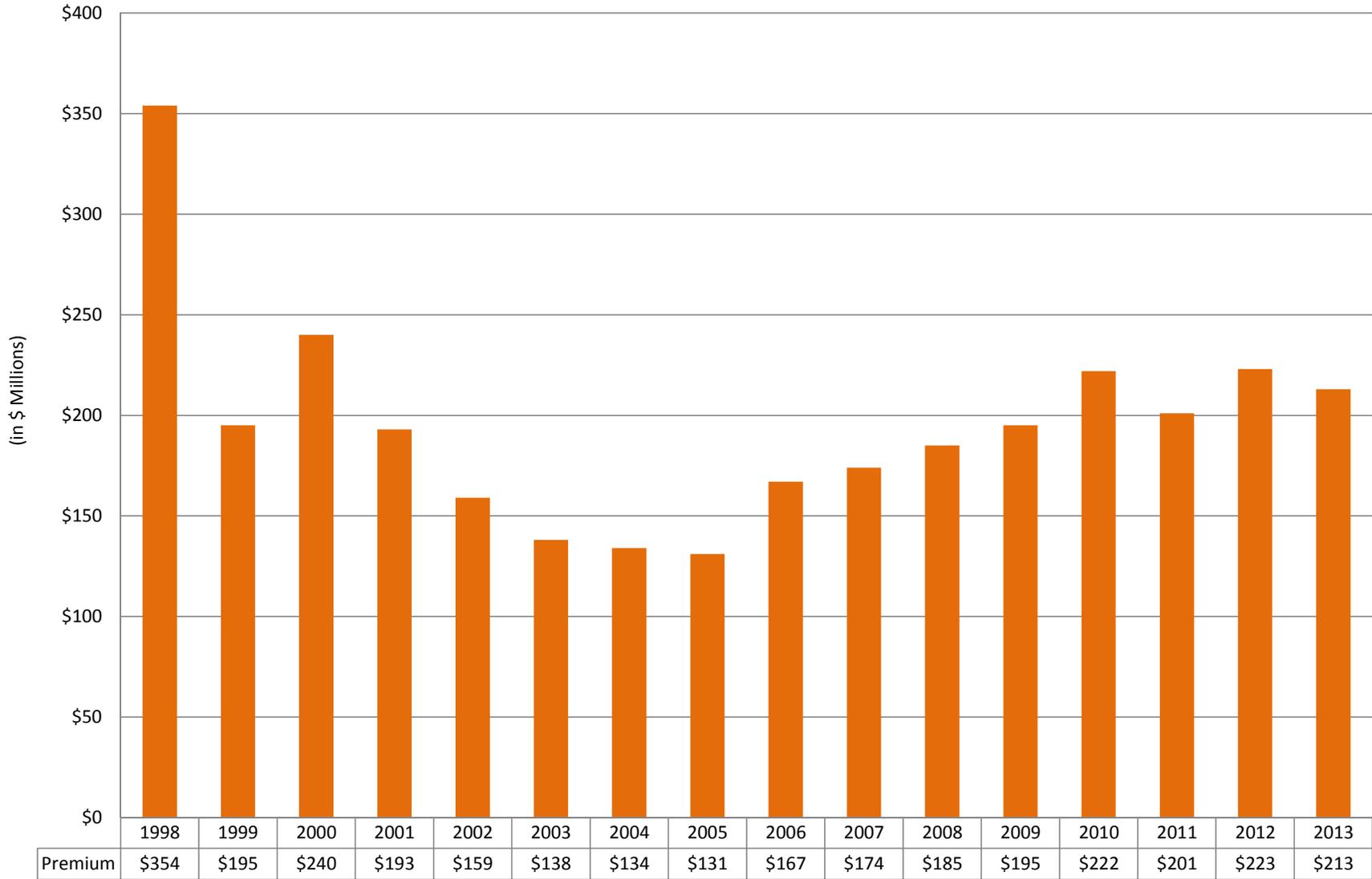
Credit Enhancements



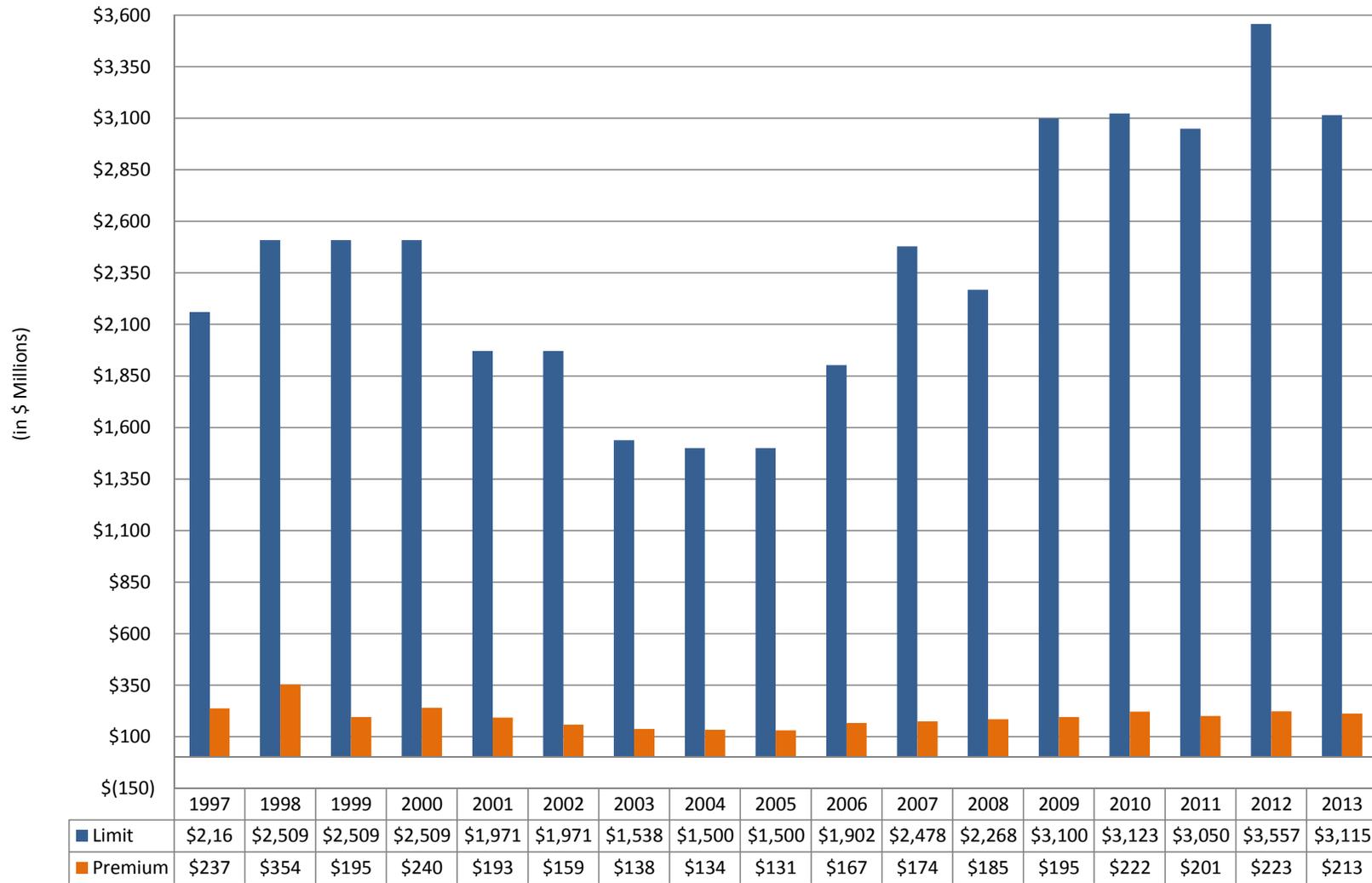
Contract Terms



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



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



NOTE: Limits through 2005 do not include supplemental coverage while 2006 forward include supplemental coverage.

Governing Board Memorandum

February 27, 2014

Agenda Item 5: Contracting for services of additional investment managers
(CEA procurements: RFQ#02-13 & RFQ#03-13)

Recommended Action: Approve staff recommendation to hire additional
investment managers for the CEA Liquidity Fund and
CEA Primary Fund

Background:

In October 2013, the CEA began a formal process of seeking a Liquidity Fund investment manager and additional Primary Fund investment managers. This memorandum describes those processes, as well as the decisions and results.

Analysis:

CEA staff identified the need, from a best-practices standpoint, to replace or to retain Liquidity Fund and Primary Fund investment managers to invest funds in CEA's growing investment portfolio.

On October 7, 2013, the CEA issued a Request for Qualifications ("RFQ-L") seeking Liquidity Fund investment-manager services and on December 2, 2013 issued a Request for Qualifications ("RFQ-P") seeking Primary Fund investment-manager services.

The CEA intended to select a Liquidity Fund investment manager as the sole manager to invest on behalf of the CEA up to \$750 million of the CEA's Liquidity Fund, while the selected Primary Fund investment managers would invest on behalf of the CEA up to \$1 billion of the CEA's Primary Fund.

Both RFQs were advertised on the websites of the following media:

The Wall Street Journal

The Bond Buyer

San Francisco Chronicle (Primary Fund manager only)

The CEA received responses from five firms for the Liquidity Fund management services and from four firms for the Primary Fund management services.

Both RFQ responses were evaluated by a selection panel consisting of:

Tim Richison: CEA CFO
Trudi Miller: CEA Accounting Manager
Jeff Appel: CEA Associate Accounting Analyst
Paolo Gonzalez: CEA Investment Analyst
Kapil Bhatia: Raymond James & Associates, Inc. (CEA's independent financial advisor)

The selection panel ranked the firms that responded to the RFQ based on their proposals and then conducted site visits of those firms receiving the highest scores.

For the Liquidity Fund investment manager, site visits were conducted by the CEA's CFO, Accounting Manager, and Investment Analyst to the firm receiving the highest score: Eaton Vance (Boston, Massachusetts).

The site visit revealed that Eaton Vance displayed particularly satisfactory systems for trading, compliance, reporting, and recovery, and it would meet the CEA's stringent requirements, as set forth in the RFQ-L. In addition, the RFQ panel determined that all members were comfortable with the expertise, performance, and depth of the team members who would be assigned to the CEA account.

After the site visit, the selection panel prepared final rankings of the firms based on the site visit to Eaton Vance and concluded that Eaton Vance be recommended to the Board.

If the Board approves the recommendation, Eaton Vance will be invited to negotiate a contract with the CEA.

One of the respondents for the Primary Fund investment managers was an existing Primary Fund investment manager (American Beacon) whose contract with the CEA managing the Primary Fund expired on February 18, 2014. Evaluating American Beacon did not require a site visit, because CEA staff had recently visited American Beacon on September 23, 2013, as part of staff's periodic quality-assurance program, and the results of that site visit were satisfactory.

The other three respondents to the Primary Fund investment-management services will be visited in March 2014 by members of the selection panel, and any resulting recommendations for firms will be brought to the Board for consideration at its May 2014 meeting.

Key Contractual Duties – Investment Management

Below is a summary of key investment-manager duties, which apply to both the Liquidity Fund and Primary Fund investment managers:

- Contract term: Five years, with an option by CEA to extend for two additional years.

- Services to be performed:
 - Invest funds in accordance with California Government Code section 16430 and CEA's investment policies and guidelines.
 - Conduct thorough investment analysis and provide advice on market conditions, including both positive and negative trends.
 - Analyze the fixed-income financial markets.
 - Monitor the performance of investments in the relevant CEA portfolio.
 - Provide a Daily Holdings Report to the CEA.
 - Retain in their systems sufficient electronic data to allow the CEA to verify historical investment transactions and balances, and to measure historical portfolio performance.

The maximum annual compensation identified in the RFQ-L was six basis points of CEA investments under management, and Eaton Vance proposed fees ranging from 3.5 to 4.0 basis points.

The maximum annual compensation identified in the RFQ-P was four basis points of CEA investments under management, and American Beacon proposed fees ranging from 2.0 to 4.0 basis points.

Recommendation:

Staff recommends that the Board:

1. Approve staff's recommendation to negotiate for investment-management services with Eaton Vance and American Beacon.
2. Authorize CEO Glenn Pomeroy to execute resulting, final negotiated contracts on behalf of the CEA.

Governing Board Memorandum

February 27, 2014

Agenda Item 6: CEA Participating Insurers – Maximum Earthquake-Loss-Funding-Assessment Levels

Recommended Action: Approve April 1, 2014, CEA Participating Insurer Maximum Earthquake-Loss-Funding-Assessment Levels

Background:

California Insurance Code section 10089.25 states,

“Beginning December 31, 1997, and annually thereafter on the 30th of April, the board shall notify each participating insurer of the maximum earthquake loss funding assessment level that it may be required to meet.”

Insurance Code sections 10089.30 and 10089.31 set forth the calculation for determining the maximum aggregate assessments for the so-called “Second Industry Assessment Layer” and “New Industry Assessment Layer” of the California Earthquake Authority (CEA) financial structure.

Analysis:

Taking legal effect on July 1, 2008, Senate Bill 430 established the CEA’s authority to assess its participating insurers through a vehicle commonly referred to as the New Industry Assessment Layer (“New IAL”).

This assessment authority was made available to the CEA on December 1, 2008, upon the sunset by law of the CEA’s authority to assess its participating insurers in the First Industry Assessment Layer (“1st IAL”). Unlike the 1st IAL, which the CEA could access once it had exhausted its available capital (but before the use of risk-transfer financing), the New IAL sits on top of the Second Industry Assessment Layer (“2nd IAL”) in the CEA’s financial structure.

The 2nd IAL and the New IAL would be drawn on to pay policyholder claims once CEA’s available capital, proceeds from debt financing actually available and under contract, and other funds actually available and under contract for risk transfer products have been exhausted. CEA participating insurers can be assessed in either or both of those remaining IALs in order to return the CEA’s available capital to the statutory minimum capital level of \$350 million (see California Insurance Code section 10089.31).

Consistent with gradually decreasing the CEA’s dependence on its participating insurers for claim-paying capacity, the law provides that CEA’s maximum assessment capability under the

New IAL is subject to annual reductions. Under California Insurance Code section 10089.33 (b) (1)—effective April 1, 2010, and on each April 1st thereafter—the maximum aggregate assessment under the New IAL is subject to a 5% annual reduction and a separate reduction, in an amount equal to the “retained earnings differential.” As defined in California Insurance Code section 10089.33(b)(7), the retained earnings differential is calculated as:

“...the positive dollar-amount difference between: (A) the authority's positive one-year retained-earnings growth for the preceding calendar year, minus (B) the authority's capacity growth for the preceding calendar year, both calculated as of December 31. As used in this paragraph, "one-year retained-earnings growth" means the difference between the authority's cumulative retained earnings at December 31 of the preceding calendar year and the authority's cumulative retained earnings at December 31 of the year before the preceding calendar year, calculated in accordance with generally accepted accounting principles as of the preceding December 31. As used in this paragraph, the term "capacity growth" is the one-year amount of purchased risk transfer, such as reinsurance, or borrowed risk transfer such as bonds, put in place in the authority's financial structure to account for the authority's aggregate exposure growth over the preceding year ending December 31. The board shall be authorized and entitled, in its sole discretion, to make all final decisions regarding the authority's level of financial strength and security and the authority's choice and use of financing and risk-transfer mechanisms.”

Attachment A is the calculation of the aggregate assessment reduction, commonly referred to as the “roll-off,” of the New IAL effective April 1, 2014, as well as the resulting New IAL assessment capacity.

The assessment capacity for the 2nd IAL is also adjusted when a new company begins participating in the CEA. The adjustment takes into consideration the new participating insurer’s residential property insurance market share at the time it started transferring exposure to the CEA and adds that percentage to the combined percentage of the existing participating insurers when they started transferring exposure to the CEA. During 2013, CEA did not have a new company become a participating insurer, and therefore the aggregate total of the 2nd IAL capacity remains unchanged for 2014.

Staff has calculated each CEA participating insurer’s respective CEA earthquake market-share percentage, based on the insurer’s written CEA premiums. From this calculation, the CEA determines each insurer’s maximum earthquake loss funding assessment level for 2014.

Attachment B shows, for each participating insurer, the maximum earthquake loss funding assessment level it may be required to meet, upon appropriate assessment by the CEA.

Recommendations:

Staff recommends that:

- The Governing Board adopt the New IAL aggregate assessment amount in *Attachment A*, effective April 1, 2014.

- The Board adopt the CEA market-share percentages shown in *Attachment B*, which are to be used to determine the maximum earthquake loss funding assessment levels for CEA participating insurers, effective April 30, 2014.
- The Board authorize CEA staff to notify each participating insurer of its respective April 30, 2014, maximum earthquake-loss-funding-assessment level responsibility.

California Earthquake Authority
Calculation of New Industry Assessment Layer Worksheet

5% of Initial Maximum Aggregate Assessment (1.780 billion x 5.0%)			\$89,000,000
Retained Earnings Growth	+	244,131,661	
Capacity Growth:			
1/1/2014 - New Risk Transfer capacity		\$3,487,596,796	
2006 Revenue Bond proceeds	+	\$310,829,067	
12/31/2013 - Previous year Risk Transfer capacity	-	\$3,115,494,200	
2006 Revenue Bond proceeds	-	\$310,829,067	
Capacity Growth Previous Year	=	\$7,224,749,130	-
		-	\$372,102,596
Retained Earnings Differential	=	(\$127,970,935)	+ \$ -
April 1, 2014 Aggregate Assessment Reduction			= \$89,000,000
Prior Year Modified Aggregate Assessment Calculation			\$465,373,701
April 1, 2014 Aggregate Assessment Reduction		-	\$89,000,000
Modified Aggregate Assessment as of April 1, 2014			= \$376,373,701
Residential Homeowner Market Share calculated at the time each participating insurer joined the CEA*		X	82.7793%
New IAL Assessment Capacity as of April 1, 2014			= \$311,559,515

CEA Participating Insurers
2014 Maximum Earthquake-Loss-Funding-Assessment Levels
(Based on CEA Written-Premium Market Share as of December 31, 2013)

<u>Company Name</u>	<u>CEA Market Share</u>	<u>CA Residential Market Share*</u>	<u>Max Assessment 2nd Layer</u>	<u>Max Assessment New Layer</u>	<u>Total Max Assessments</u>	<u>Written Premium</u>
State Farm Group	34.461203%	18.999868%	\$ 570,534,847	\$ 107,367,155	\$ 677,902,002	\$ 197,982,102
Allstate	13.163925%	7.243383%	\$ 217,940,101	\$ 41,013,461	\$ 258,953,562	\$ 75,627,702
USAA ²	12.806076%	4.266258%	\$ 212,015,596	\$ 39,898,547	\$ 251,914,143	\$ 73,571,831
Farmers	12.035379%	15.251523%	\$ 199,256,053	\$ 37,497,369	\$ 236,753,422	\$ 69,144,124
Inter-Ins. Exchange	6.542736%	4.571571%	\$ 108,320,619	\$ 20,384,516	\$ 128,705,135	\$ 37,588,491
Safeco	6.036173%	2.298130%	\$ 99,934,039	\$ 18,806,272	\$ 118,740,311	\$ 34,678,252
CSAA ¹	4.763990%	6.137498%	\$ 78,871,945	\$ 14,842,663	\$ 93,714,608	\$ 27,369,465
Mercury	3.179634%	3.059535%	\$ 52,641,583	\$ 9,906,454	\$ 62,548,037	\$ 18,267,230
Nationwide	2.423122%	4.914156%	\$ 40,116,868	\$ 7,549,467	\$ 47,666,335	\$ 13,921,011
Liberty Mutual	2.346933%	3.666938%	\$ 38,855,497	\$ 7,312,094	\$ 46,167,591	\$ 13,483,301
FAIR Plan	0.764344%	0.719896%	\$ 12,654,373	\$ 2,381,387	\$ 15,035,760	\$ 4,391,212
Encompass	0.689978%	0.438332%	\$ 11,423,178	\$ 2,149,692	\$ 13,572,870	\$ 3,963,973
Foremost	0.532725%	1.401952%	\$ 8,819,721	\$ 1,659,756	\$ 10,479,477	\$ 3,060,544
Homesite	0.120807%	0.336665%	\$ 2,000,070	\$ 376,387	\$ 2,376,457	\$ 694,047
Armed Forces	0.105016%	0.055696%	\$ 1,738,634	\$ 327,188	\$ 2,065,822	\$ 603,326
MAPFRE	0.013278%	0.002766%	\$ 219,831	\$ 41,369	\$ 261,200	\$ 76,284
Golden Eagle	0.009336%	0.002782%	\$ 154,566	\$ 29,087	\$ 183,653	\$ 53,636
Commerce West	0.005344%	0.031767%	\$ 88,478	\$ 16,650	\$ 105,128	\$ 30,703
TOTAL	100.00000%	73.39872%	\$ 1,655,586,000	\$ 311,559,515	\$ 1,967,145,515	\$ 574,507,234

* Based on California Department of Insurance 2012 California Market-Share Report. The Department's 2013 California Market-Share Report will not be publicly available until May 2014.

¹ ACA was combined with CSAA

² Garrison was combined with USAA

Governing Board Memorandum

February 27, 2014

Agenda Item 7:

Update: *Northridge 20* Symposium
At UCLA: January 16–17, 2014

Recommended Action:

No action required – information only

Background and Analysis:



On January 16th and 17th, marking the 20th anniversary of the Northridge earthquake, more than 600 people gathered to draw attention to the ongoing vulnerability of buildings where people sleep, eat and work, and the infrastructure that supports daily life.

The California Earthquake Authority was a lead sponsor for the symposium entitled *Northridge 20: Impacts, Outcomes, and Next Steps*.

Earth scientists, structural engineers, risk modelers, emergency managers, and public officials participated in the *Northridge 20* symposium, vowing to continue to improve the built environment and protect Californians against damaging earthquakes. A list of participating organizations can be found in *Attachment A*.

The lessons still being learned from Northridge have supported some two decades of dedicated research, seismic-public-policy development, building-code development, seismic rehabilitation, insurance reform, mitigation, and education. The new awareness and development prompted by the earthquake and its aftermath set the City of Los Angeles and other communities statewide on a trajectory to increase seismic resiliency.

Former California Governor Pete Wilson and former FEMA Director James Lee Witt, both in office when the Northridge earthquake occurred, joined by Insurance Commissioner Dave Jones, kicked off the two-day symposium as keynote speakers.

A number of key disciplines provided the focal points of the conference:

- earth science and seismology,
- ground motions and ground failure,
- lifelines and utilities,
- transportation,
- building types (residential, concrete, steel), and
- business and insurance.

Speakers focused on what happened during the earthquake, what has been learned and accomplished in the past 20 years, and what steps still need to be taken to allow families,

businesses, communities, and the State of California to become more resilient to the damaging effects of earthquakes, going forward.

On day two of the symposium, breakout sessions combined expert speakers with audience discussion, to help refine recommendations and begin to prioritize future actions.

Attendees of the Northridge 20 Symposium signed a formal, ceremonial “Statement of Support,” committing to make California communities more earthquake resilient—they pledged formal recommendations to distribute to government policymakers, community leaders, and key stakeholders.

In addition to serving as an event lead sponsor, the CEA was instrumental in securing the appearance and participation of the distinguished keynote speakers for the symposium.

CEA also provided media support by:

- promoting the event through local media sources (*Attachment B*) and managing the media-relations ramp-up,
- coordinating and handling on-site interviews, news releases, and media calls;
- in addition to print ads (*Attachment D*), placing an ad in the official, widely circulated symposium program (*Attachment E*);
- developing and placing an op-ed in the *Los Angeles Times*, authored by Insurance Commissioner Jones (*Attachment C*);
- collaborating with television station *ABC-7* to develop an opening video for the symposium;
- coordinating the appearance and participation of an *ABC-7* reporter, who had originally covered the Northridge earthquake some 20 years ago and who shared his recollections and experiences of that event with the symposium participants.

Recommendation: No action required – information only

Attachment A

Participating Organizations:

- Applied Technology Council (ATC)
- AMEC
- American Institute of Steel Construction (AISC)
- California Earthquake Authority (CEA)
- California Governor's Office of Emergency Services (Cal OES)
- California Seismic Safety Commission
- Caltrans
- City of LA Department of Building and Safety (LADBS)
- California & Vicinity Steel Information Council (CVSIC)
- Earthquake Engineering Research Institute (EERI)
- Federal Alliance for Safe Homes (FLASH)
- Federal Emergency Management Agency (FEMA)
- Los Angeles Tall Building Structural Design Council (LATBSDC)
- Network for Earthquake Engineering Simulation (NEES)
- Pacific Earthquake Engineering Research Center (PEER)
- QuakeSmart
- RenaissanceRe Risk Sciences Foundation
- Simpson Strong-Tie
- Southern California Earthquake Center (SCEC)
- Structural Engineers Association of Southern California (SEAOSC)
- University of California, Los Angeles
- United States Geological Survey
- Western States Seismic Policy Council.

Attachment B

Media Outreach – 6.2 Million Total Impressions

Newspapers

- Los Angeles Times
- OC Register
- LA Daily News
- Long Beach Press-Telegram
- Torrance Daily Breeze
- Pasadena Star-News
- Whittier Daily News
- San Gabriel Valley Tribune
- San Bernardino Sun
- Inland Valley Daily Bulletin
- Redlands Daily Facts

TV

- KABC (ABC 7)

Radio

- KBIG, KFI, KHHT, KIIS, KLAC, KOST, KTLK, KYSR

Attachment C

Op-Ed: LA Times (Insurance Commissioner Dave Jones)

Los Angeles Times SPECIAL COLLECTIONS

20 years after Northridge, are homeowners ready for a quake?

Op-Ed

California's insurance commissioner says the lack of earthquake insurance coverage in the state could be disastrous.

January 17, 2014 | By Dave Jones

Almost exactly 20 years ago, early on the morning of Jan. 17, 1994, residents of the San Fernando Valley were jolted awake by incredible shaking. Within moments, the Santa Monica Freeway — the major east-west artery in Los Angeles — came crashing down in huge sections; apartment houses pancaked, trapping and killing residents; and houses toppled off their foundations.

It was no wonder. The magnitude 6.7 Northridge earthquake had just produced the strongest ground motions ever recorded in any American urban environment. That 20 seconds of violent shaking killed 57 people and seriously injured thousands more. It caused an estimated \$42 billion in damage, resulted in nearly 300,000 residential insurance claims and rendered 14,000 homes and apartments uninhabitable in neighborhoods stretching from the Valley to the coast.

The Northridge quake also rocked California's homeowner insurance market. Why? In 1985, a California law went into effect that required insurers selling homeowner insurance to also offer earthquake coverage. That meant quake insurance was available to families living in any California house, condo, mobile home or apartment.

PHOTOS: The 1994 Northridge earthquake

But, stung by their unprecedented Northridge losses, many insurers decided quake coverage was too risky. Because state law required them to offer it, many insurers simply quit writing new homeowner policies in California.

Without access to insurance, the ability of 32 million Californians to buy new homes or sell their existing ones was in serious jeopardy. Because insurers' worries about earthquake risk had led to an almost totally frozen homeowners insurance market, state leaders had to act. Their solution was to establish the California Earthquake Authority, or CEA, which offers the residential earthquake insurance that most private insurers were no longer willing to provide.

But homeowners haven't fully embraced this access to insurance. Whereas in 1994 almost a third of California households had earthquake insurance, today only 11% of California homes are insured for earthquake damage. This lack of coverage could be disastrous. After the Northridge earthquake, insurance paid for fully half of the residential damage; if that same quake happened today, less than a quarter of the losses would be paid by insurance. Without quake insurance, many more Californians could face financial devastation in the next major earthquake, and whole neighborhoods and communities could find themselves struggling to recover.

We know it's only a matter of time before the next big quake hits. Scientists have identified additional blind thrust faults like the one that caused the Northridge earthquake, and they have made clear we are long overdue for another major quake on some of the faults in California's complex system.

So, why do so few of us carry earthquake insurance? One reason is denial, the common and simple belief that "it won't happen to me." Some people mistakenly assume that the government will step in to rebuild homes after an earthquake.

And then there are those who wrongly believe their homeowners insurance automatically covers earthquake damage. But that's simply not true. Without a separate earthquake insurance policy, the uninsured resident is responsible for all the costs of repairing or rebuilding, replacing personal property and living elsewhere if a home is too damaged.

Many Californians tell me they just can't afford earthquake insurance, or that they can't find a good, affordable policy. For those who have this concern, I urge you to look again at policies offered by the CEA. In the last 16 years, the agency has increased coverage options and lowered rates. It now offers many new policy choices worth considering.

For those deterred by the high deductibles of 10% to 15% on catastrophic earthquake policies, consider that with CEA coverage, that deductible acts as a kind of trigger: Once the value of covered damage exceeds the deductible, claim payment can begin.

As with any insurance, you absolutely need to have it before a loss occurs. California residents should let the Northridge anniversary serve as a reminder to evaluate whether they are sufficiently protected from the potentially devastating losses an earthquake may bring. Perhaps you should think about retrofitting your home, or buying an earthquake policy, or a combination of both.

Homes are the biggest financial asset many California families possess. All of us know it's not a matter of if but when the next catastrophic earthquake will strike the state. Living here also means preparing for those damaging earthquakes, and taking simple, sensible steps to protect your home and family from the financial devastation that earthquakes can bring.

Dave Jones is California's insurance commissioner.

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Attachment D

Print Advertisement

Get PEACE of MIND
no **EARTHQUAKE** can shake

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Attachment E
Symposium Program Advertisement

Northridge

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**THE STRENGTH
TO REBUILD®**

Dedicated to helping Californians
PREPARE to **SURVIVE** and **RECOVER**
from the next **DAMAGING EARTHQUAKE.**

The California Earthquake Authority was created as a response to the devastating Northridge earthquake, one of the costliest natural disasters in U.S. history.

CEA is California's not-for-profit, public provider of residential earthquake insurance—publicly managed and privately funded, with programs to encourage and support effective action to reduce the risk of earthquake damage and loss. The CEA promotes and supports household recovery by providing risk education, loss mitigation, and insurance to help Californians prepare and recover from damaging earthquakes.

Born out of Northridge, the CEA is still California's leader in earthquake coverage, writing over 70 percent of all residential earthquake policies in California.

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LIVE**
VS
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QUAKE**

People choosing **CEA** insurance get peace-of-mind from knowing they can afford to repair, rebuild, or replace their covered property that may be damaged by the next catastrophic earthquake.

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Dedicated to helping Californians
PREPARE to SURVIVE and RECOVER
after the next DAMAGING EARTHQUAKE.

5 Reasons to buy a CEA policy

1. **Without earthquake insurance, the cost of any damage is your cost.** *If your CEA policy claim exceeds your deductible, you don't actually have to pay the deductible before claim-payment eligibility is triggered.*
2. **Expert service.** *CEA policies are available exclusively through CEA's participating insurance companies, which handle CEA-policy applications, renewals, billing, and claims.*
3. **Rates based on science, not profit.** *By law, CEA rates must allow it to remain financially sound and to pay all its covered claims. CEA rates are based on the best available science for assessing earthquake risk and do not include any amount for profit.*
4. **Not tied to government budgets.** *California's budget issues have no impact on the CEA's ability to pay its claims, because the CEA is a privately financed entity and receives no money through the state budget.*
5. **Excellent financial ratings.** *CEA's financial strength is rated A- (Excellent) by A.M. Best Company (a company that rates insurance companies).*



Our Mission

The California Earthquake Authority is California's not-for-profit, public provider of residential earthquake insurance — publicly managed and privately funded, with programs to encourage and support effective action to reduce the risk of earthquake damage and loss.

Get the Strength to Rebuild Visit www.earthquakeauthority.com to learn more.

Governing Board Memorandum

February 27, 2014

Agenda Item 8: CEA Mitigation Program: Pre-Standard and Research Projects

Recommended Action: No action required – information only

Background and Analysis:

The California Earthquake Authority (“CEA”) and the Applied Technology Council (“ATC”) contracted in November 2013 to collaborate on *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-standard 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 Chief Mitigation Officer Janiele Maffei of the CEA, ATC has assembled a project team and steering committee and prepared a 2014 work plan.

Project leaders discussed and identified first-phase objectives on a February 14th conference call:

- (1) identify available information useful to define a starting point;
- (2) determine the scope of the eventual pre-standard; and
- (3) plan the remainder of the developmental effort.

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

Recommendation: No action required – information only

Governing Board Memorandum

February 27, 2014

Agenda Item 9: Update: California Residential Mitigation Program

Recommended Action: No action required – information only

Background and Analysis:



The California Residential Mitigation Program (CRMP) incentive pilot program was officially launched 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 launched in two ZIP Codes in the Rockridge/Temescal community in Oakland and in two ZIP Codes in the Eagle Rock/Highland Park community in Los Angeles. Twenty houses were initially selected from a list of over 200 applicants. Program inspectors determined that 16 of the 20 were qualified for the program.

Initial pilot-program metrics are:

- As of February 1, 2014, seven homeowners (or their contractors) have pulled permits from their local building departments.
- Three homeowners have completed their respective retrofits and have submitted their documentation and application for financial-incentive payment, with one having received their financial incentive payment.

The EBB-program pilot phase ends on March 31, 2014, with all documentation due from participants by April 7, 2014.

A CRMP-contracted program evaluator will review all program components; interview program applicants/participants, contractors, and community stakeholders; and report to CRMP staff on performance of the EBB program.

Program expansion beyond the pilot locations will commence after the evaluation report has been reviewed and accepted by the CRMP board, and any recommended program modifications have been made and approved.

The time frame for expansion is expected to be third or fourth quarter 2014.

Recommendation: No action required – information only

Governing Board Memorandum

February 27, 2014

Agenda Item 10: AIR – earthquake loss modeling – contract renewal

Recommended Action: Approve renewal of the AIR contract

Background:

There are three widely recognized, commercially available catastrophe-loss models/modelers: AIR-Worldwide (<http://www.air-worldwide.com/Home/AIR-Worldwide/>), EQECAT (<http://www.eqecat.com/>), and Risk Management Solutions (<http://www.rms.com/>).

Since 2004, and with the Governing Board’s support and approval, the CEA has worked continually, under contract, with all three of these earthquake models/modelers—under that arrangement, the CEA can feel confident that its earthquake-loss modeling is always provided by widely used, tested models at their highest level of development, a critical factor for support of CEA’s sophisticated operational and financial needs.

Analysis:

In part because of its collaboration with the three widely recognized earthquake modelers, the CEA broadens its understanding of California earthquake risk and the various, but similarly purposed, modeling methodologies. This CEA-centric collaboration enables the CEA to view the broadest range of modeling results, for planning purposes and project and product development. For example, AIR model output is a key component of the CEA’s capacity calculation, which informs the CEA Governing Board and management on the level of risk-financing needed to achieve target claim-paying capacity throughout each year.

In addition, regulations of the California Insurance Commissioner require the CEA to estimate and project losses within seven days following a major earthquake. With the Board’s approval, the CEA has contracted with Exponent (<http://www.exponent.com/>) and established its CEA-proprietary “EARLE” (for Earthquake Loss Estimation) system to enable the CEA to meet this regulatory requirement. All three contracted modelers now serve as key contributors to the EARLE system, providing CEA with timely delivery of post-event loss estimations.

Staff has negotiated a three-year contract renewal with AIR, to take effect March 1, 2014. Under the renewed contract, AIR will provide substantially the same services as under the current contract, which has functioned well.

The fees payable to AIR under the proposed contract renewal are in the 2014 CEA budget and include two basic components:

- Two full earthquake-loss analyses of the CEA's insured-risk portfolio, for an annual fee of \$166,000.
- Services in support of the CEA EARLE system for an annual fee of \$85,000, which includes AIR's participation in the twice-annual tests of the entire EARLE system.

Notes on the terms of the contract renewal:

- The contractual fees for the two components in the present, expiring contract that correspond to the two components described immediately above were \$150,000 and \$70,000, respectively. Those amounts had remained unchanged from January 1, 2010, through 2013.
- The CEA's new *Homeowners Choice* product increases the complexity and number of required outputs from any modeled loss-analysis, including that available through AIR.

Recommendation:

Staff recommends that the Governing Board approve CEA's renewal of the contract with AIR, as described, and authorize CEO Glenn Pomeroy to execute that contract renewal on the CEA's behalf.

Governing Board Memorandum

February 27, 2014

Agenda Item 11: Progress Report on the 2014 CEA IT Project Portfolio

Recommended Action: No action required – information only

Background:

On December 16, 2013, the California Earthquake Authority (CEA) Governing Board approved a resolution:

1. Authorizing the use of a CEA-selected pool of GSA-approved contractors for competitive procurements of each CEA IT project contract within an annual expenditure level of \$300,000 or less.
2. Authorizing the CEO to approve a CEA IT project contract within \$300,000, so long as the selection and contracting arrangements are accomplished with the unanimous agreement of the CEO, the general counsel, and the CIO.

Analysis:

In order to mitigate risk and promote transparency, the CIO has developed a report package for the Board, which is intended to serve both active tracking of progress on various projects and updating the status of the CEA 2014 IT Project Portfolio.

Recommendation:

Chief Information Officer Todd Coombes will present an update on the 2014 CEA IT Project Portfolio including progress, changes, expenditures, and risk assessment—the CEA staff and CIO recommend that this update become part of a recurring CIO update to the Board.

CEA Project Portfolio 2014 Planned Schedules and Cost

February 2014

In progress/completed Planned		2013																								2014						2015						Project Cost (External)
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun																
Claims Reimbursement	EPICenter capacity testing of Claims																										\$163,800											
2015 Rate Adjustment & New Coverages	Implementation of product/policy changes																										\$324,800											
Allstate / Encompass Split	Splitting out Encompass EPICenter data from Allstate																										\$0											
User Password Management	Managing users and security across CEA applications																										\$0											
New PI CEA Setup	Addition of a new PI in EPICenter and appl. systems																										\$16,240											
Cooperative Mktg Venture (CMV)	Comms co-marketing campaign with Pls																										\$0											
Rate Calculator - Quoter (CMV)	Make rate calculator reusable for CMV, Pls, etc.																										\$0											
Public Website	Replacing the current public website																										\$61,320											
CEA Employee Portal/Internal Website	Implementing an Employee Portal / Intranet																										\$73,920											
Marketing Value Program (MVP) 2014	Updates to the Marketing Value Program																										\$0											
Customer Relationship Mgmt Tool	Implementation of a new CRM tool																										\$61,320											
Social Media Software/Program	Implementation of a new tool and program																										\$14,000											
Concentric Data Warehouse	Implementation of remaining functional areas																										\$0											
CEA Policy Lineage Tracing	Leveraging business intelligence of policy data																										\$0											
Convert legacy reports to source from Concentric	Migrating BoB reports to the Concentric platform																										\$0											
EPICenter 2.0 (Post Process Rules Model)	Acceptance of all policy data into EPICenter																										\$273,700											
EPICenter 3.0 (Data Warehouse Model)	Leveraging the Data Warehouse as a service platform																										\$28,000											
Centralized Policy Processing-Business Case	Investigating reqmts. for CEA to originate policies																										\$22,400											
CEA Event Walkthrough	End-to-end business walkthrough of a major event																										\$28,000											
Great Plains (POC) / Upgrade	Upgrading CEAs Accounting System																										\$16,800											
2013 Internal Audit Closure	Managing the controls and action plans for IT audit																										\$0											
HR System	Implementation of a new HR system																										\$10,360											
PMO / IT Governance Tool (Clarizen)																																						
Policy & Procedure Mgmt Tool - PolicyTech	Implementation of Policytech & dept. policies/proc.																										\$12,320											
Enterprise Content Mgmt System	Implementation of a new document mgmt. tool/proc.																										\$235,200											
Mobile Device Management	Implementation of a phone/device tool																										\$0											
Disaster Recovery Plan - Rewrite **	IT disaster recovery plan and testing																										\$0											
Infrastructure Managed Services Implementation	Implement contract for facilities and equipment																										\$170,800											
Learning Management System (LMS)	Implement continuing education system for agents																																					
Reinsurance Management Software Acquisition	Implement management tool for reinsurance partners																																					
Claims Reimbursement: Plan B **	Contingency plan for claims reimbursement process																										\$0											
Project 1 - EPICenter Maintenance Fixes	EIPCenter Maintenance Fixes																																					
Total																											\$1,512,980											

** Originally identified as a single project

2014 Project Portfolio Report Card

February 2014

Project #	Portfolio #	Project Name	Status	Schedule	Scope	External Resources	Project Cost	Overall Score	Planned Start Date	Actual Start Date	Project % Complete	Original Scheduled Finish Date	Current Scheduled Finish Date	Schedule Variance	Planned Cost	Actual Cost	Cost Variance	CV % (Hidden)	Planned Internal Hours	Actual Internal Hours	Internal Hours Variance
P-8023	2014-01	Claims Reimbursement	Active	●	●		●	●	Sep-13	1/24/2014	84%	6/1/2014	5/15/2014	-17	\$163,800	\$0	\$0	0%	1288	131	-1157
P-8801	2014-02	2015 Rate Readjustment & New Coverages	Pending	●	●		●	●	Jun-14					0	\$324,800	\$0	\$0	0%	180		-180
P-8508	2014-03	Allstate / Encompass Split	Active	●	●	n/a	●	●	Jan-14	1/24/2014	10%	6/26/2014	6/26/2014	0	\$0	\$0	\$0	0%	218	7	-211
P-8802	2014-04	User Password Management	Active	●	●	n/a	●	●	Nov-13	Feb-14	10%	3/31/2014	3/31/2014	0	\$0	\$0	\$0	0%	454	2	-452
	2014-05	New PI CEA setup	Pending	●	●		●	●	Mar-14					0	\$16,240	\$0	\$0	0%	102		-102
P-8702	2014-06	Cooperative Mktg Venture (CMV)	Active	●	●	●	●	●	Nov-13	Nov-13	51%	5/1/2014	4/1/2014	-30	\$0	\$0	\$0	0%	138		-138
P-09305	2014-07	Rate Calculator - Quoter (CMV)	Active	●	●	n/a	●	●	Nov-13	Nov-13	84%	3/14/2014	3/14/2014	0	\$0	\$0	\$0	0%	896	69.5	-826.5
P-09401	2014-08	Public website	Active	●	●	n/a	●	●	Jan-14	Jan-14	25%	4/1/2014	4/1/2014	0	\$61,320	\$0	\$0	0%	548	8	-540
P-09501	2014-09	CEA Employee Portal/Internal website	Active	●	●	n/a	●	●	Jan-14	Jan-14	25%	4/1/2014	4/1/2014	0	\$73,920	\$0	\$0	0%	678	84	-594
P-8705	2014-10	Marketing Value Program (MVP) 2014	Active	●	●	n/a	●	●	Oct-13	Oct-13	82%	1/30/2014	2/20/2014	21	\$0	\$0	\$0	0%	1107	81	-1026
P-8814	2014-11	Customer Relationship Mgmt Tool	Pending	●	●		●	●	Jul-14					0	\$61,320	\$0	\$0	0%	228		-228
	2014-12	Social Media Software/Program	Active	●	●		●	●	Jul-14					0	\$14,000	\$0	\$0	0%	308		-308
P-8401	2014-13	Concentric Data Warehouse	Active	●	●	n/a	●	●	Oct-13	Oct-13	50%	6/30/2014	6/30/2014	0	\$0	\$0	\$0	0%	2528	6	-2522
P-8808	2014-14	CEA Policy Lineage Tracing	Pending	●	●	n/a	●	●	Jul-14					0	\$0	\$0	\$0	0%	926		-926
P-8809	2014-15	Convert legacy reports to source from Concentric	Active	●	●	n/a	●	●	Apr-14	Dec-13	40%	9/30/2014	9/30/2014	0	\$0	\$0	\$0	0%	60		-60
P-8804	2014-16	EPICenter 2.0 (Post Process Rules Model)	Active	●	●		●	●	Jan-14					0	\$273,700	\$0	\$0	0%	1302	25	-1277
P-8805	2014-17	EPICenter 3.0 (Data Warehouse Model)	Pending	●	●		●	●	Oct-14					0	\$28,000	\$0	\$0	0%	1180		-1180
P-8810	2014-18	Centralized Policy Processing-Business Case	Pending	●	●		●	●	Jul-14					0	\$22,400	\$0	\$0	0%	900		-900
P-8812	2014-19	CEA Event Walkthrough	Pending	●	●		●	●	Feb-14					0	\$28,000	\$0	\$0	0%	1320		-1320
P-7910	2014-20	Great Plains (POC) / Upgrade	Active	●	●	●	●	●	Nov-13	Nov-13	5%	6/1/2014	6/1/2014	0	\$16,800	\$0	\$0	0%	178	23.5	-154.5
	2014-21	2013 Internal Audit Closure	Active	●	●	n/a	●	●	Nov-13	Nov-13	95%	12/31/2013	2/28/2014	59	\$0	\$0	\$0	0%	1920	1	-1919
P-09308	2014-22	HR System	HOLD	●	●		●	●	Nov-13	Nov-13	30%	3/31/2014	9/30/2014	183	\$10,360	\$0	\$0	0%	280	12	-268
P-7301	2014-23	PMO / IT Governance Tool (Clarizen)	Active	●	●	n/a	●	●	Oct-13	Oct-13	25%	12/31/2013	4/30/2014	120	\$0	\$0	\$0	0%	0	61.5	61.5
P-09306	2014-24	Policy & Procedure Mgmt Tool - PolicyTech	Active	●	●		●	●	Nov-13	Dec-13	19%	2/24/2014	2/24/2014	0	\$12,320	\$0	\$0	0%	700	4	-696
P-8813	2014-25	Enterprise Content Mgmt System	Pending	●	●		●	●	Nov-13					0	\$235,200	\$0	\$0	0%	1840		-1840
P-8806	2014-26	Mobile Device Management	Pending	●	●	n/a	●	●	Apr-14					0	\$0	\$0	\$0	0%	450		-450
P-8807	2014-27	Disaster Recovery Plan - rewrite	Pending	●	●		●	●	Dec-13					0	\$0	\$0	\$0	0%	332	3	-329
P-09001	2014-28	Infrastructure Managed Services Implementation	Pending	●	●	TBD	●	●	Nov-13	Feb-14	5%	3/31/2014	9/30/2014	183	\$170,800	\$0	\$0	0%	980	9	-971
P-8704		Learning Management System (LMS)	Active	●	●	n/a	●	●	Nov-13	Nov-14	40%	6/30/2014	5/1/2014	-60	\$0	\$0	\$0	0%	0	11	11
P-8803		Reinsurance Management Software Acquisition	Pending	●	●	n/a	●	●	Apr-14					0	\$0	\$0	\$0	0%	0		0
P-8703		Claims Reimbursement: Plan B	Active	●	●	n/a	●	●	Nov-13	Nov-13	7%	3/31/2014	3/31/2014	0	\$0	\$0	\$0	0%	0	4	4
		Project 1 - EPICenter Maintenance Fixes	Complete	●	●	n/a	●	●				1/30/2014	1/30/2014	0	\$0	\$0	\$0	0%	0	137.5	137.5
															\$1,512,980						

LEGEND

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Score Area:	Score Description								
Schedule:	<p>Basis: Schedule variance (days)</p> <p><i>Ahead of schedule (10) to more than 90 days behind schedule (0)</i></p>								
Scope:	<p>Basis: Volume (%) of defect or change work (LOE)</p> <p><i>Under 1% (10) to 100% of original effort (0)</i></p>								
Cost:	<p>Basis: Cost Variance (CV)</p> <p><i>Under budget (10) to 100% of original approved cost (0)</i></p>								
Overall:	Average of Schedule, Scope and Cost Scores								
External Resource	<p>Basis: Confirmed procurement/availability of external resources</p> <table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;"> </td> <td style="width: 33%; text-align: center;"> </td> <td style="width: 33%; text-align: center;"> </td> </tr> <tr> <td style="text-align: center;">On track</td> <td style="text-align: center;">At Risk</td> <td style="text-align: center;">Project delayed</td> </tr> </table>				On track	At Risk	Project delayed		
On track	At Risk	Project delayed							

2014 Project Portfolio Risk Summary

February 2014

Project #	Project Title	Risk ID	Risk Description	Risk Response (Strategy)	Risk Response	Probability (%)	Impact	P&I Score
P-8023	Claims Reimbursement	P-8023-01	Delays in Project 1 will impact the claims reimbursement project Schedule	Tracking QA issues associated with Project 1 and adjusting accordingly	Mitigate	75%	4	3
P-8508	Allstate / Encompass Split	P-8508-01	Infrastructure team priorities and the available bandwidth to meet scheduled project deliverables	Scheduled tasks have been added to the Infrastructure priorities list	Mitigate	50%	3	1.5
P-8802	User Password Mgmt	P-8802-01	Hardcoded security in Epicenter could cause items to break	Analysis of code & existing security of Epicenter	Mitigate	75%		0
P-8702	Cooperative Mktg Venture (CMV)	P-8702-01	Gaps in the field mappings between the CEA rate calculator standard fields and the CMV rate calculator	Meeting with IT/Comms to discuss differences and path forward	Mitigate	75%	4	3
P-09305	Rate Calculator - Quoter (CMV)	P-09305-01	Implementation of the security model in support of the use of the API. Installation and configuration of Client Certificates and Security Tokens	Ongoing communication /coordination with Newfangled	Mitigate		5	0
P-09401	Public Website	P-09401-01	Scope of issues will likely require additional development work	Assess extent of issues and determine LOE and resource to fix (COMPLETED)	Mitigate	100%	4	4
P-09401	Public Website	P-09401-02	Delayed deployment to Production resulting from additional work to fix issues	Assess whether Protivity or in-house Admin will complete any additional rework needed	Resolved			0
P-09401	Public Website	P-09401-03	The extent of work needed to complete deployment may impact the schedule due date for public deployment (in April)	Prioritize issues to ensure that fixes which are critical to live deployment are addressed in time; determine whether additional resources are needed to expedite fixes	Mitigate	100%	5	5
P-09401	Public Website	P-09401-04	Content development will be delayed due to resource time constraints within the contributing departments (eg., Comms, Finance and Operations). This will impact timely launch of the public website	<i>Need to meet with contributing stakeholders to determine a risk response strategy and ownership</i>	TBD	75%	5	3.75
P-09401	Public Website	P-09401-04	Legal's review of developed content may delay approval to launch the public website on schedule	<i>Need to meet with contributing stakeholders to determine a risk response strategy and ownership</i>	TBD	75%	5	3.75
P-09501	CEA Employee Portal/Internal website	P-09501-01	Access/UAT on hold due to requirement for IT Governance to be complete	Appropriate access will be granted to the Working Group and necessary users	Resolved			0
P-09501	CEA Employee Portal/Internal website	P-09501-02	Access/UAT on hold due to requirement for Infrastructure team to assess Nespole solution	Assignment and prioritization of IT resource (Ryan) to complete solution assessment	Resolved			0
P-09501	CEA Employee Portal/Internal website	P-09501-03	Impact to employee engagement due to delayed availability/access (P-09501-01)	Working Group will begin active work on Feb 4 to cultivate ambassadorship of core team members to help fine tune and advocate the deployed solution	Mitigate	50%	3	1.5
P-8705	Marketing Value Program (MVP) 2014	P-8705-01	QA/UAT time periods are compressed due to a dependency to release fixes prior to Round 1 close	Managing QA and UAT processes	Mitigate			0

2014 Project Portfolio Risk Summary

February 2014

Project #	Project Title	Risk ID	Risk Description	Risk Response (Strategy)	Risk Response	Probability (%)	Impact	P&I Score
P-8401	Concentric Data Warehouse	P-8401-01	Differing BI knowledge levels throughout CEA staff members.	Weekly User Groups / Training established (Tuesday's at 2pm, Huddle on 11)	Mitigate			0
P-8401	Concentric Data Warehouse	P-8401-02	The existing environments not being 100% in synch may cause Data Warehouse development team issues during testing.	Plan to swith Concentric data to source from Production	Mitigate			0
P-7910	Great Plains (POC) / Upgrade	P-7910-01	Support gaps / issues with respect to staying on 2010 version for a longer period of time.	Confirming extended support through 2014	Mitigate			0
P-7910	Great Plains (POC) / Upgrade	P-7910-02	Report discrepancies comparing existing GP to 2013.	UAT of Prod data in 2013 to compare to existing reports	Mitigate			0
P-09001	Infrastructure Managed Services Implementation	P-09001-01	Impact to submitted budget	Potential adjustment of scope and timeline	Accept	25%		0
P-09001	Infrastructure Managed Services Implementation	P-09001-02	Implementation impact to other high priority projects		Mitigate			0
P-8704	Learning Management System (LMS)	P-8704-01	May need to evaluate additional software if Docebo does not meet identified requirements for a new LMS.	Obtain business approval to move forward with additional evaluations if necessary	Mitigate	50%	3	1.5
P-7301	PMO / IT Governance Tool (Clarizen)	P-7301-01	Ensuring applicable data is converted. (Spiceworks and Projects)	Importing only open / applicable SpiceWorks tickets into Clarizen.	Mitigate			0
P-7301	PMO / IT Governance Tool (Clarizen)	P-7301-02	Synching between TFS and Clarizen requires manual trigger	Training users on process. Create reports to identify tasks not synched.	Mitigate			0
P-7301	PMO / IT Governance Tool (Clarizen)	P-7301-03	Reporting needs	Will require hours from Clarizen to create workflows for custom fields & custom reports	Mitigate			0
	Project 1	PR1-001	Priority of bugs found during UAT	Working with dev and infrastructure on environment consistency	Mitigate			0
	Project 1	PR1-002	Manual System Testing requires a significant amount of time. 3-4 days to perform a full system test. If new bugs are introduced, the issues must be resolved and the system tests re-run	Support from the BA team will help to accelerate the process	Mitigate			0
P-7301	PMO / IT Governance Tool (Clarizen)	P-7301-04	Clarizen's integration with TFS was developed for TFS 2010. CEA uses TFS 2013. If the integration is not compatible with TFS 2013, then TFS users will not be able to synch there hours and tasks to Clarizen.	Clarizen is developing new integration for TFS 2013, which is projected to be available in April 2014. TFS users will be required to manually enter hours and tasks into Clarizen until integration is available.	Accept	100%	3	3
P-7301	PMO / IT Governance Tool (Clarizen)	P-7301-05	Windows Server Standard version (implemented by CEA) is not supported by Clarizen's integration with TFS. If the integration is not compatible with the Standard version, then TFS users will not be able to synch their hours and tasks to Clarizen.	Clarizen is testing the integration with the Standard version. If it does not pass testing TFS users will be required to manually enter hours and tasks into Clarizen.	Accept	75%	3	2.25

2014 Project Portfolio Risk Summary

February 2014

Project #	Project Title	Risk ID	Risk Description	Risk Response (Strategy)	Risk Response	Probability (%)	Impact	P&I Score
	2014 Project Portfolio	PP14-01	The necessary infrastructure will not be in place and available when required for all projects	Maintain proactive and effective communication with the Infrastructure team. Ensure project requirements include infrastructure needs.	Mitigate	75%	5	3.75
	2014 Project Portfolio	PP14-02	Insufficient work space and equipment for external staff	IT / PMO developing a logistics plan for accommodating access and hoteling strategy for external resources	Mitigate	100%	4	4
	2014 Project Portfolio	PP14-03	Limited or lack of availability of Subject Matter Experts (SME's) when required for all projects	Prioritize activities as needed; assess need for additional staff for SMEs if current staff is not sufficient for the project workload(s)	Mitigate	50%	4	2
	2014 Project Portfolio	PP14-04	Constrained Infrastructure resources will impact availability for projects. Operational/Production support issues will take priority over project work.	Prioritize activities as needed; assess need for additional staff for development/infrastructure support if current staff is not sufficient for the project workload(s)	Mitigate	50%	3	1.5

2014 Project Portfolio Change Summary

February 2014

Change Summary	Change Type	Description of Change	Change Status
Portfolio Changes			
PMO / Governance Tool	Deployment	All projects added to Clarizen application; approved portfolio projects assigned unique ID numbers	Completed
PMO / Governance Tool	Deployment	Project and portfolio risks being input into Clarizen	In progress
Project Changes			
Claims Reimbursement	Schedule	Late Finish: Finance advises that they do not have bandwidth to support the process until after June 2014	In progress
User Management	Title	Name change to: "User Password Management"	Completed
User Management	Schedule	Early Finish: Project is ahead of schedule and is expected to be completed by 3/31/2014	In progress
New PIs	Title	Name change to: "New PI CEA Setup"	Completed
Rate Calculator Repurpose (CMV)	Title	Name change to: "Rate Calculator - Quoter (CMV)"	Completed
Rate Calculator Repurpose (CMV)	Schedule	Late Finish: Extension of development for 1 week to 2/21 per security configuration and additional development	In progress
SharePoint: Public Website	Title	Name change to: "Public Website"	Completed
SharePoint: Public Website	Schedule	Late Finish: Extended schedule required to address defects/incomplete work as delivered by the vendor which resulted in delays in uploading content	In progress
SharePoint: Employee Portal/Intranet	Title	Name change to: "CEA Employee Portal/Internal Website"	Completed
SharePoint: Employee Portal/Intranet	Schedule	Late Finish: Extended schedule required to complete internal training, adoption and content populate of internal website	In progress
MVP 2014	Title	Name change to: "Marketing Value Program (MVP) 2014"	Completed
Convert BoB reports to Concentric	Title	Name change to: "Convert legacy reports to source from Concentric"	Completed
Convert BoB reports to Concentric	Schedule	Early Start: Moved up to December 2013	Completed
Post Process Rules Model (Project 2)	Title	Name change to: "EPICenter 2.0 (Post Process Rules Model)"	Completed
EPICenter Data Warehouse Model (Project 3)	Title	Name change to: "EPICenter 3.0 (Data Warehouse Model)"	Completed

2014 Project Portfolio Change Summary

February 2014

Change Summary	Change Type	Description of Change	Change Status
CEA Event Walkthrough	Schedule	Possible Late Start: Start of this project is dependent on completion (and stress testing) of Claims Reimbursement project; a possible scope shift has also been identified; PMO needs clarification from primary stakeholders	In progress
Great Plains (POC) / Upgrade	Schedule	Late Finish: Project dates have been changed due delay with vendor selection and vendor contract negotiations which are still in process	In progress
Internal Audit	Title	Name change to: "2013 Internal Audit Closure	In progress
Internal Audit	Schedule	Late Finish: Soliciting responses on the Operational Readiness Review from CEA Compliance, due date is 2/28/14	In progress
HR System	Schedule	Project Status Change: Project "On-Hold" per sponsor Bob Stewart. Awaiting details on additional planning associated with the workforce planning effort	On Hold
PMO / Governance Tool	Title	Name change to: "PMO / IT Governance Tool (Clarizen)	Completed
PMO / Governance Tool	Schedule	Late Finish: Project activities extended to accommodate complexities identified in aligning with IT Governance controls; issues encountered with development of integration APIs	
Policy & Procedure Mgmt Tool	Title	Name change to: "Policy & Procedure Mgmt Tool - PolicyTech	Completed
Enterprise Content Mgmt System	Schedule	Late Start: Date has been delayed due to dependency on completion of remaining activities on the records management project	Pending
Disaster Recovery Plan / Plan B	Title	Identified as two separate projects: "Disaster Recovery Plan - Rewrite" and "Claims Reimbursement - Plan B"	Completed
Disaster Recovery Plan / Plan B	Schedule	Late Start: Infrastructure priorities and backlog for other projects/tasks	Pending
Managed Services	Title	Name change to: "Infrastructure Managed Services Implementation"	Completed
Managed Services	Schedule	Late Start: RFP did not go out until Dec 2013; responses and subsequent vendor interview was delayed; contract negotiation with selected vendor is underway	In progress
Learning Management System (LMS)	Add Project	Project was added to the portfolio list after the last quarterly review; further requirements evaluation is needed to determine whether external resources/cost will be required	Completed
Reinsurance Management Software Acquisition (RFP and possible implementation)	Add Project	Project was added to the portfolio list after the last quarterly review; further requirements evaluation is needed to determine whether external resources/cost will be required	Completed
Project 1 - EPICenter Maintenance Fixes	Add Project	Project was added to the portfolio list after the last quarterly review	Completed
MVP (2015)	Add Project	Project was overlooked on the original portfolio inventory and was subsequently added after the last quarterly review	Formative

Governing Board Memorandum

February 27, 2014

Agenda Item 12: Charter for CEA IT Project Procurements and Contracts

Recommended Action: No action required – information only

Background:

On December 16, 2013, the California Earthquake Authority (CEA) Governing Board approved a resolution:

1. Authorizing the use of a CEA-selected pool of GSA-approved contractors for competitive procurements of each CEA IT project contract within an annual expenditure level of \$300,000 or less.
2. Authorizing the CEO to approve a CEA IT project contract within \$300,000, so long as the selection and contracting arrangements are accomplished with the unanimous agreement of the CEO, the general counsel, and the CIO.

According to the terms of the approved resolution, the CEA staff was charged with developing a Charter that will:

- A. Ensure broad access to qualified contractor pools.
- B. Seek and obtain fair and competitive bids.
- C. Allow appropriate oversight and approvals.

Analysis:

Per the approved resolution, the Chief Information Officer and the office of the CEA general counsel developed a Charter that meets the requirements above.

Recommendation:

Chief Information Officer Todd Coombes will present for the Board a summary of the Charter developed for the CEA IT Project Procurements and Contracts process.

Governing Board Memorandum

February 27, 2014

Agenda Item 13: CEA Procurement: “IT Infrastructure Managed Services”

Recommended Action: Approve completion of negotiation of a three-year agreement to provide IT Infrastructure Managed Services, contract execution, and corresponding 2014 budget augmentation

Background:

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.

Agenda item 16 of the December 16, 2013, Governing Board meeting included an informational briefing that outlined the requirements detailed in that RFQ; the CEA received one fully qualifying response, and CEA IT staff ascertained through inquiry that other, potentially interested respondents opted not to submit formal responses.

Analysis:

CEA IT staff has met with representatives of that respondent to review its response in detail, pose and answer questions, and ensure a clear understanding of the CEA’s expectations and requirements for effective and secure production, testing, and development computing environments, and disaster-recovery capabilities.

The respondent has proposed moving the CEA IT infrastructure from the existing on-site server room and the present off-site cloud-computing environments to a Sacramento-based, enterprise-class primary data center designed specifically for security, reliability, compliance, and performance. It also proposed a secondary data center in the eastern United States, owned by the same organization that owns the Sacramento facility; the secondary site would host disaster-recovery, testing, and data backups, and is linked to the primary location through high-speed, redundant data connections.

The qualifying response recommended provisioning of new, high-performance network, server, data-storage, and related equipment in identical configurations in the production and test environments. (For cost savings, the development environment will include installing existing CEA equipment that meets minimum acceptable standards, in addition to other, new equipment, as specified.)

The respondent would support all computing environments in collaboration with data-center personnel and CEA’s IT staff.

Because of the single-response circumstance, CEA IT staff (assisted by CEA Legal & Compliance) undertook to identify, benchmark, and document a relevant comparative and judgment-based description of the particulars of the sole response.

[NOTE: A single-response procurement is handled by the CEA, when appropriate, as a sole-source procurement, and therefore is required—at a minimum—to meet the CEA’s sole-source procurement guidelines. This effort, however, went beyond a customary sole-source procurement, because of the expenditure level and the importance of the project to the CEA, both immediately and over a three-year contract term.]

In its analysis, CEA IT staff developed benchmark information on these topics that, because of the source and the analysis, is considered reliable:

- Proposed pricing and costs.
 - Hardware/software (completeness and cost)
 - Hosting (capacity, cost)
 - Human resources (expert qualifications, required qualifications, hourly rates of professionals operating at appropriate levels and in appropriate roles)
- Overall qualifications (responsiveness to key RFQ requirements, including a critical requirement that would not be met by other, inquiring parties; relevant firm experience; and the experience and reputation of associated providers.
- Reference checking resulted in relevant, positive recommendations.
- Ability to meet all CEA’s stated requirements, while offering the administrative ease of dealing with a single provider.

The result supports offering the respondent the opportunity to negotiate a contract to provide the services sought in CEA RFQ #12-13. Full contract terms, however, have not yet been agreed, but this outline of the major terms has been established internally:

- The proposed CEA contract for IT Infrastructure Managed Services would offer a three-year term, extending from March 1, 2014, through February 28, 2017.
- The proposed recurring monthly fee of \$125,000 is for the term of the contract, while estimated, additional (proposed) one-time implementation fees of \$354,750 would be charged solely in 2014.
- On a per-year basis, an estimated \$1,604,750 would be spent in 2014; \$1,500,000 in 2015; and \$1,500,000 in 2016.
 - The final two months of the contract term would extend two months into 2017, and that will result in an expenditure of \$250,000.
- An implementation project would begin in March 2014 in support of phased planning, development, deployment, migration, and support.
- Cut-over to the new infrastructure environment(s) would be expected in the second quarter 2014.
- The prospective contractor has recommended *optional*, future infrastructure improvements, but CEA IT staff would consider those only at and for a later date—they would not be implemented in 2014.

Recommendation:

1. Approve negotiation and execution of the proposed agreement between CEA and the qualifying respondent to provide IT Infrastructure Managed Services.
2. If the negotiation results in an arrangement satisfactory to CEA IT and Legal staff, approve the agreement's execution on behalf of the CEA by CEO Glenn Pomeroy.
3. Staff will report to the Board on the negotiation results.
4. Approve a 2014 budget augmentation of \$1,604,750, to allow for funding the 2014 portion of the IT Infrastructure Managed Services contract.

Governing Board Memorandum

February 27, 2014

Agenda Item 14: 2014 CEA Business Implementation Plan

Recommended Action: Approve the 2014 CEA Business Implementation Plan

Background:

The CEA staff has prepared a Business Implementation Plan (BIP), which corresponds to the 2014 CEA budget for insurance operations and mitigation that the Governing Board approved in December 2013.

The BIP describes, organizes, and supports the Authority's business activities for both insurance services and mitigation programming.

Analysis:

This year's BIP (*please see: Attachment A - 2014 CEA Business Implementation Plan*) follows the general concepts set out above as Background.

CEA department directors, supported by staff analysis, have built the proposed 2014 BIP after assessing and accounting for the presence and status of activities in the 2013 BIP.

That is, in addition to CEA insurance and mitigation initiatives new (and newly described) for 2014, the proposed 2014 BIP generally accounts for elements of the 2013 BIP that, on account of changing business priorities, have been delayed or were changed, or are ongoing or expanded processes.

Throughout 2014, CEA staff will update the Board on the BIP-implementation process.

Recommendation:

Staff recommends the Governing Board approve the proposed 2014 CEA Business Implementation Plan.

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
<h2>Execute Strategic Mission</h2> <p>The California Earthquake Authority is California’s not-for-profit, public provider of residential earthquake insurance—publicly managed and privately funded, with programs to encourage and support effective action to reduce the risk of earthquake damage and loss.</p>				
<p>GOAL ONE: Educate. <i>Help Californians learn about their seismic risks in order to prepare for, survive, and recover from damaging earthquakes.</i></p>				
<p>PRIORITY: Innovation. Develop new ways to help Californians understand their earthquake risks, the value of earthquake-risk mitigation, and the financial-preparedness features of CEA earthquake-insurance products.</p>				
<p>1. Expand beyond CEA the use of results from CEA-sponsored message-research study.</p>	Ongoing	CEA will seek to motivate more people to prepare for California’s next damaging earthquake; social-science experts recommend being on-message through everyone, everywhere, all the time.	Chris Nance	Advisory Panel Cal OES SCEC
<p>2. Implement CEA’s new California Rocks! campaign; integrate with CEA’s new Cooperative Marketing Venture (CMV) and ongoing Marketing Value Program (MVP) to motivate consumers to contact their home insurance company to purchase CEA policies:</p> <ul style="list-style-type: none"> • Apply business-to-consumer approach via paid-media campaign (broadcast/online) to promote CEA-policy purchases through participating insurers. • Use social science, branding, message, marketing, and policyholder research. • Implement social-media policy/strategy. • Connect consumers with CEA policy value. • Prompt more consumers to contact their home insurers to purchase CEA policies. • Promote CEA-policyholder retention through two rounds of direct mail. • Establish annual CEA awareness study. 	2014	CEA will seek input from Governing Board, Advisory Panel, and participating insurers.	Chris Nance	Marketing and Strategic Communications Contractor Advisory Panel

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
<ul style="list-style-type: none"> • Engage more participating insurance companies in the CMV. • Train more agents to sell CEA policies. • Apply business-to-business approach via direct mail through participating-insurer agents to promote CEA policy purchases. • Register more agents in the MVP. • Provide marketing incentives for each agent registered in MVP. • Refine Joined Forces programming with American Red Cross through annual statewide auction in April and annual <i>Great California ShakeOut</i> in October. • Integrate other earthquake preparedness stakeholders as appropriate. • Manage programming budgets that separate marketing and mitigation funds. • Integrate rollout of <i>Earthquake Brace + Bolt</i> program (CRMP). 				
<p>PRIORITY: Research. Enhance CEA insurance products and strengthen risk-awareness programs with the depth and knowledge gained from CEA's support of quality, publicly available research in seismic science and engineering.</p>				
1. Establish and maintain communication and response protocols to coordinate CEA involvement in local-area assistance centers.	Ongoing	Support local-area assistance centers.	Bob Stewart Mitch Ziemer Annde Ewertsen	FEMA/Cal OES CDI
2. Conduct and support research related to CEA insurance products, risk-awareness, and seismic science and engineering.	Ongoing	Participate in various projects related to CEA's efforts to pass the Earthquake Insurance Affordability Act, CEA-supported studies, and seismic research, while reporting to inform on the CEA's efforts.	Bruce Patton	CEA-MRT

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
PRIORITY: Technology. Use technology to present and explain CEA information and to prepare and permit the CEA to make a full and effective response to damaging earthquakes.				
1. Claims Reimbursement	September 2014	IT Project Portfolio 2014	Bob Stewart Tim Richison Mitch Ziemer	IT
2. Cooperative Marketing Venture	April 2014	IT Project Portfolio 2014	Chris Nance	IT
3. Premium Calculator Reuse	March 2014	IT Project Portfolio 2014	Chris Nance	IT
4. SharePoint Public Website	December 2014	IT Project Portfolio 2014	Chris Nance	IT
5. SharePoint Employee Portal/Intranet	December 2014	IT Project Portfolio 2014	Chris Nance	IT
6. MVP/Agent Portal	February 2014	IT Project Portfolio 2014	Chris Nance	IT
7. Customer Relationship-Management Tool	TBD	IT Project Portfolio 2014	Chris Nance	IT
8. Social-Media Software/Program	TBD	IT Project Portfolio 2014	Chris Nance	IT
9. Concentric Data Warehouse	June 2014	IT Project Portfolio 2014	Bob Stewart Tim Richison Chris Nance	IT

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
GOAL TWO: Mitigate. <i>Encourage Californians to take action by strengthening their homes and securing their belongings in order to reduce their risk of earthquake damage.</i>				
PRIORITY: Innovation. Lead program development to furnish incentives for residential retrofits and other mitigation measures, and sponsor and lead a building-code-related guideline-development project to extend code-based seismic retrofits to California's single-family houses.				
1. Complete analysis of mitigation discount . *Also see Mitigation section.	Ongoing	Continue re-evaluation of hazard reduction discount targeting a more robust mitigation discount.	Shawna Ackerman Janiele Maffei Bruce Patton	EQECAT PEER ATC
2. Work with earthquake mitigation stakeholders to earn their consideration of earthquake insurance as a component of financial preparedness .	Ongoing	Continue relationships in support of mitigation program roll-out	Janiele Maffei Chris Nance	Advisory Panel Engineering groups Consumer groups
3. Continue roll-out of the residential Earthquake Brace + Bolt Project.	Ongoing	Complete pilot efforts in Oakland and Los Angeles and evaluate results. Plan and expand in stages throughout the state.	Janiele Maffei	CRMP Advisory Panel
4. Work with federal, state, and private organizations to obtain pre- and post-event funding for earthquake-loss-mitigation programs .	Ongoing	The CEA's <i>Earthquake Brace + Bolt</i> project is expressly referred to in the FEMA-approved <i>State of California Multi-Hazard Mitigation Plan</i> (which supports state and other eligibility for disaster recovery assistance and mitigation funding).	Janiele Maffei	Advisory Panel Participating insurers Other public & private sources
PRIORITY: Research. Through careful, fully collaborative needs assessment, support and commission original scientific and engineering research, to build among all relevant communities a richer understanding of expected earthquake damage to residential structures.				
1. Engage engineering contractor to quantify damage reduction to support earthquake-insurance mitigation discount.	Ongoing	Workshop and research with engineering contractor	Janiele Maffei Bruce Patton	Mitigation Discount Program Contractor Advisory Panel
2. Conduct contents-mitigation programs that reinforce message-research results and complement residential <i>Earthquake Brace + Bolt</i> project.	Ongoing	CRMP pilot plan includes providing information about contents-mitigation.	Janiele Maffei	CRMP

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
3. Explore joining forces with relevant corporate interests in offering financial products to support consumers participating in the CRMP Incentive Program	Ongoing	Current development of retrofit Pre-Standard, essential to securing additional financial products for mitigation.	Janiele Maffei	CEA Mitigation Program Contractors Advisory Panel
PRIORITY: Technology. Use technology to promote innovative residential earthquake-loss-mitigation measures, demonstrating their value in helping families secure their possessions and protect their homes.				
1. Develop and support website for mitigation program	Ongoing	Initial version of website deployed in pilot.	Janiele Maffei	Technology Contractor IT, Operations, Communications
GOAL THREE: Insure. <i>Help Californians understand—and quantify and actively manage, using CEA insurance products—their risk of financial loss from damaging earthquakes.</i>				
PRIORITY: Innovation. Develop, create, and—collaboratively, with CEA participating insurers—implement and distribute programs and products that enhance the effectiveness of the CEA and its participating insurers in helping Californians understand and manage their earthquake risk.				
1. Explore enhancements to CEA insurance products.	Ongoing	CEA staff is continuously and actively reviewing CEA products—the review includes market research and analysis of policyholder purchasing patterns, the results of which will guide and allow enhancement of future product designs.	Bob Stewart Mitch Ziemer Shawna Ackerman	Participating insurers Advisory Panel Mark Simmonds Henry Williams
2. Propose 2015 CEA financial structure , using best choices to maintain financial strength.	August 2014	Working with Independent Financial Advisor, CEA Advisory Panel, and Chief Actuary, derive optimal and most cost-efficient financial structure.	Tim Richison Shawna Ackerman	Financial Advisor
3. Continue to study and update financial alternatives. <ul style="list-style-type: none"> • Investigate financial structures, instruments of domestic and international catastrophe programs. • Research and monitor global financial markets for new financing vehicles and techniques. Finalize drafting and 	Ongoing	Staff to seek collaboration from outside financial experts and expert colleagues to find and develop financial alternatives for cost-effective claim-paying capacity.	Tim Richison Danny Marshall	CEA Financial Advisor Outside financial and legal experts

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
implementation of robust compliance guidelines to assist CEA staff and Board in understanding, planning for, and working to mitigate financing and related risks.				
4. Pursue legislative activity on federal and state levels.	Ongoing	<p>Continue to work in the U.S. Congress to pass the <i>Earthquake Insurance Affordability Act</i> to secure more efficient and diversified financial capacity for CEA and other public earthquake-insurance programs.</p> <p>In California, pursue passage of AB 2064 (Cooley), which would modernize the present mandatory offer of earthquake insurance and make numerous improvements and refinements to insurer-customer communications. CEA expenditure limit would be appropriately expanded. Continue to explore legislative options to provide CEA with an enhanced second-event capability. As noted above, CEA-supported studies, research, and reports will inform the CEA's efforts—this may require co-sponsors, studies and legislation, as needed.</p>	Glenn Pomeroy Danny Marshall Susie Hernandez Bruce Patton	Co-sponsors Consultants/legal experts Research organizations
<p>PRIORITY: Research. Develop, advocate, and lead targeted research to enhance the effectiveness of the CEA and its business partners in helping Californians understand and manage their earthquake risk.</p>				
1. Complete rate analysis for all products – develop action plan to present to Advisory Panel's Rate Subcommittee and Governing Board.	Ongoing	Rate analysis is ongoing, with comprehensive analyses annually, at mid-year and year-end.	Bob Stewart Shawna Ackerman Mitch Ziemer	Advisory Panel
2. Continue working with CEA chief actuary to update CEA's Dynamic Financial Analysis Model and Financial Model and reflect new	Ongoing	Continue to enhance CEA's DFA model.	Tim Richison Shawna Ackerman	

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
financial alternatives and products.				
3. Conduct research on marketing activities for other comparable insurance products for which similar marketing challenges have been addressed (e.g., flood insurance).	Ongoing	CEA will produce ongoing "SWOT" analyses – recognizing its strengths, weaknesses, opportunities, and threats.	Chris Nance	Advisory Panel
PRIORITY: Technology. Implement and continuously improve CEA insurance solutions to support and provide value to participating insurers, agents and producers, and policyholders.				
1. 2015 Rate Adjustment and New Coverages	TBD	IT Project Portfolio - 2014	Bob Stewart Shawna Ackerman Mitch Ziemer	IT
2. Allstate-Encompass split	June 2014	IT Project Portfolio - 2014	Bob Stewart Mitch Ziemer	IT
3. User-Password Management	March 2014	IT Project Portfolio - 2014	Bob Stewart Todd Coombes	IT
4. New PI in EPICenter (if any)	TBD	IT Project Portfolio - 2014	Bob Stewart Tim Richison	IT
5. Convert Book of Business Reports to function in Concentric	September 2014	IT Project Portfolio - 2014	Bob Stewart Mitch Ziemer	IT
6. EPICenter 2.0 – The purpose of the project is to ensure acceptance of all policy data into EPICenter.	TBD	IT Project Portfolio - 2014	Bob Stewart Tim Richison	IT
7. EPICenter Data 3.0 - The project is intended to leverage the data warehouse as a service platform.	TBD	IT Project Portfolio - 2014	Bob Stewart Tim Richison	IT
8. Great Plains POC Upgrade	June 2014	IT Project Portfolio - 2014	Tim Richison	IT
9. Internal Audit	February 2014	IT Project Portfolio - 2014	Danny Marshall Todd Coombes	IT

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
10. HR System	TBD	IT Project Portfolio - 2014	Bob Stewart	IT
11. Policy and Procedure Management Tool	February 2014	IT Project Portfolio - 2014	Danny Marshall	IT
12. Enterprise Content Management System	TBD	IT Project Portfolio - 2014	Danny Marshall	IT
13. Mobile Device Management	TBD	IT Project Portfolio - 2014	Todd Coombes	IT
14. Disaster Recovery Plan / Plan B	TBD	IT Project Portfolio - 2014	Bob Stewart Todd Coombes	IT
15. Managed Services Implementation	April 2014	IT Project Portfolio - 2014	Todd Coombes	IT

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
Governance and Departmental Effectiveness.				
Organizational governance opportunities and departmental goals and initiatives to maximize CEA's mission effectiveness.				
Governance.				
Governing Board.				
1. Collaborate with CEA Board and other stakeholders to analyze and develop action plan relating to organizational and staffing analyses.	Ongoing	Areas of focus will include building a new business model, augmenting CEA's HR capabilities, adding staff members who possess required functional expertise, adding a Chief Risk Officer, and other recommendations resulting from the analysis.	Executive Staff	Governing Board Advisory Panel Participating Insurers
2. Establish and periodically report on CEA performance metrics.	Ongoing	Initial draft of performance metrics to be reviewed.	Executive Staff	Governing Board Advisory Panel
Advisory Panel.				
1. Work with the Advisory Panel as it optimizes its appropriate role.	Process	Advisory Panel members periodically review CEA Business Implementation Plan and respond to staff requests for Panel-member participation.	Danny Marshall	Advisory Panel
2. Update Advisory Panel Handbook.	Process (periodic)		Danny Marshall	
Staff.				
1. Review CEA governance documents, including Plan of Operations and the Procedures and Accounting Manual, to ensure documents are up-to-date.	Process	CEA governance documents are in need of updating periodically, to reflect regulatory revisions and changes in operating procedures. The review will aid process improvements. Proposed updates to the Procedures and Accounting Manual are under review in CEA Legal & Compliance.	Bob Stewart Danny Marshall Mitch Ziemer	All CEA department heads
2. Inform external organizations about CEA.	Ongoing		Executive Staff	Advisory Panel

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
3. Participate in conferences and events that further CEA goals.	Ongoing		Executive Staff	
4. Continue to strengthen communication with external stakeholders (such as Legislative and Congressional staff; consumer groups; participating insurers; federal, state and regional agencies; and university resources).	Ongoing		Executive Staff	Advisory Panel

Departmental Effectiveness.

Communications.

<p>1. Identify measures to track and gauge marketing effectiveness (metrics):</p> <ul style="list-style-type: none"> • Refine year-round media plan: paid-media negotiations and earned-media outreach. • Use of media-buying and tracking software. • Develop integrated business-intelligence systems to target and track marketing and sales programming: <ul style="list-style-type: none"> -Marketing/sales funnel, -Content management, and -Agent/consumer relations. 	Ongoing	CEA will use software and subscriptions to reconcile media buys, develop business-intelligence systems to facilitate marketing and sales decisions, and track number and characteristics of people considering earthquake-insurance purchase.	Chris Nance	Communications Plan Contractor Advisory Panel
<p>2. Expand CEA agent/producer relations:</p> <ul style="list-style-type: none"> • Meet biannually with participating-insurer marketing liaisons to share MVP updates. • Coordinate agent training through participating-insurer liaisons. • Use technology to deliver agent-training more efficiently. • Enhance premium-calculator options on CEA's website. 	Ongoing	CEA will share updates and collect meaningful input from participating-insurers' marketing liaisons.	Chris Nance	Communications Plan Contractor Advisory Panel

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
<ul style="list-style-type: none"> Provide agents/producers with updated product information. Continuously evaluate participating insurers' use of CEA marketing materials. 				
3. Further develop product-specific marketing strategies.	Ongoing		Chris Nance Mitch Ziemer Shawna Ackerman	Advisory Panel
Finance.				
1. Propose and secure Board approval of 2015 CEA reinsurance and risk-transfer programs.	August 2014	Work with CEA reinsurance-intermediary team to plan and achieve required risk-transfer limits at lowest effective cost.	Tim Richison	CEA Independent Financial Advisor Reinsurance Intermediaries
2. Annual rating-agency reviews 3. Financial-strength review with A.M. Best 4. Bond-rating review with Moody's and Fitch.	Ongoing	Work with rating agencies to maintain CEA ratings, including present financial strength rating from A.M. Best of "A-minus (Excellent)" and a bond rating of A from Fitch and A3 from Moody's.	Tim Richison	CEA Independent Financial Advisor
5. Evaluate CEA's issuing catastrophe bonds as alternative risk-transfer.	Ongoing	Cat-bond team is drawn from STO and outside experts in cat bonds and capital markets; includes work with CEA financial advisor.	Tim Richison Danny Marshall Joe Zuber	CEA Independent Financial Advisor CEA Cat-Bond Team
6. Evaluate effects of NAIC Model Audit Rule on the CEA.	Ongoing	Continue reviewing documentation and attending training to evaluate and decide on any changes necessary to comply with NAIC's Model Audit Rule.	Tim Richison	
7. Complete and continue with investment compliance project.	Ongoing	Procured investment-compliance software and team is working with the contractor to enhance the software's automatic daily portfolio evaluation. Investment-Compliance Committee Charter under management review; Committee has met and is discussing policy and charter provisions.	Danny Marshall Niel Hall Rick Contreras Tim Richison	Investment-Compliance Consultant CEA Financial Advisor

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
8. Implement NAIC Model Audit Rule, Solvency II, IFRS, and Basel III into CEA's financial and compliance systems.	December 2015	Develop implementation plan for transition, provide training to affected CEA personnel, and complete implementation of new accounting systems by year end 2015.	Tim Richison	Legal & Compliance Department - CEA
Information Technology.				
1. Successfully manage and complete 2014 IT Project Portfolio	December 2014	First quarter projects in progress, scorecard defined.	Todd Coombes	PMO Development Architecture
2. Implement Infrastructure Managed Services	April 2014	RFP responses reviewed; contracting-establishment tasks ongoing.	Todd Coombes	Governance Infrastructure
3. Develop strategies and processes for IT strategic functions	July 2014	Strategic functions identified, specific definition and documentation underway.	Todd Coombes	IT management
4. Define Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs)	June 2014	Discussions in progress.	Todd Coombes	IT management Kris Fujiwara
5. Develop IT policies and procedures	October 2014	Policies identified, procedure definition in progress.	Todd Coombes	IT management Kris Fujiwara
6. Define IT Metrics requirements and types of reporting	December 2014	Monthly reporting package identified, definition and development in progress.	Todd Coombes	IT management Kris Fujiwara
Legal and Compliance.				
1. Establish records management and retention program. <ul style="list-style-type: none"> Implement document retention system 	Ongoing	Implementation continuing, based on recommendations from contracted consultant. Actions beginning with review and appropriate disposition of departmental records; will progress to implementing automated system for records and retention management.	Danny Marshall Niel Hall Rick Contreras Todd Coombes	
2. Complete internal audit review and establish internal audit program (responding to independent audit finding).	Ongoing	CEA internal-audit program ongoing, under the direction of CEA's chief auditor.	Danny Marshall Rick Contreras	PwC, as needed

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
Mitigation.				
1. Ensure CEA mitigation programs are evaluated for program- and cost-effectiveness.	Ongoing	Current CRMP <i>Earthquake Brace + Bolt</i> roll-out includes detailed evaluation and quality-control processes.	Janiele Maffei	CRMP
2. Support roll-out of CRMP mitigation program	Ongoing	Support program and stakeholders to ensure successful roll-out.	Janiele Maffei	CRMP
3. Participate and fund conferences, seminars, and workshops to support collaborative mitigation efforts.	Ongoing	Guideline, research, mitigation workshops and conferences.	Janiele Maffei	CRMP FEMA
4. Explore relationships with other established natural-hazard mitigation opinion leaders and stakeholders.	Ongoing	Partnership with FEMA: FEMA P-50 completed and Retrofit Guidelines (Pre-standard) process started.	Janiele Maffei Bruce Patton	Advisory Panel
Operations.				
1. CEA Workforce Planning Project - Collaborate with CEA Governing Board and other stakeholders to analyze and develop action plan for organizational structure and staffing.	September 2014	Analysis is nearing completion, and an action plan is being prepared for Board consideration.	Glenn Pomeroy Bob Stewart Danny Marshall	
2. Claims Reimbursement Project – Collaborate with CEA Information Technology, Finance, and participating insurers to ensure claim system readiness.	September 2014	On target to test further claim-system readiness with participating insurers during third quarter 2014.	Bob Stewart Todd Coombes Mitch Ziemer	
3. Rate Analysis - complete rate analysis for all products – develop action plan to present to CEA Advisory Panel’s Rate Subcommittee and CEA Governing Board.	August 2014	Rate analysis is ongoing.	Bob Stewart Shawna Ackerman Mitch Ziemer	
4. CEA insurance products – explore	Ongoing	CEA staff is continuously and actively	Bob Stewart	

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
enhancements – including new products.		reviewing CEA products – the review includes market research and analysis of policyholders’ purchasing patterns, the results of which will guide and allow enhancement of future product designs.	Shawna Ackerman Mitch Ziemer	
5. Business requirements - Support development of business requirements to support identification, development, and implementation of data system fixes and enhancements.	Ongoing	CEA Insurance Operations and Information Technology staffs are collaborating to implement refinements to EPICenter to maximize system effectiveness and promote ease of doing business with the CEA.	Bob Stewart Todd Coombes Mitch Ziemer	
6. CEA participating insurer performance - Conduct a semi-annual review of each CEA participating insurers performance relating to policy sales, retention, and other relevant measures.	Ongoing	CEA Insurance Operations staff to meet with appropriate staff of participating insurers to review CEA performance based on the insurer’s mid-year and year-end CEA Book of Business Report. Staff will also seek insight into insurer-specific initiatives that affect CEA operations, to ensure appropriate CEA planning and goal-setting.	Bob Stewart Mitch Ziemer	
7. New Participating Insurers - Effectively collaborate with insurers who are evaluating becoming a CEA participating insurer – lead the implementation process for those who choose to participate.	Ongoing	CEA Insurance Operations staff will support and provide interested insurers and new applicants with information necessary to evaluate their potential CEA participation, and will seek information, including data, to enable the CEA to complete its own analysis of each applicant’s participation.	Bob Stewart Mitch Ziemer	
8. Business Educators – Train CEA staff and participating insurers based on insurance-industry expertise, related education, and CEA work experience.	Ongoing	CEA Insurance Operations staff will provide other CEA staff members with general insurance training to effectively support the CEA’s overall operations; Staff will continue to provide participating-insurer staff (including adjusters) with CEA-specific training. Insurance Operations staff is represented on numerous cross-functional CEA work teams to support implementation of programming and initiatives.	Bob Stewart Mitch Ziemer Trudy Moore Dan Dyce	

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
9. CEA earthquake-response procedures - Review, compare, and update internal protocols for CEA earthquake-response procedures.	Ongoing	Support collaboration among CEA staff and conduct table-top and other exercises to ensure response procedures are documented, current, and incorporate key resources such as the CEA's proprietary EARLE system.	Bob Stewart Mitch Ziemer Dan Dyce	
10. Office space-planning and lease negotiations	Ongoing	Based on the ongoing evolution of the California Residential Mitigation Program (CRMP), the potential for additional staff, and changes in the real estate market, an analysis is underway that focuses on office space and related lease considerations.	Glenn Pomeroy Bob Stewart	

California Earthquake Authority 2014 Business Implementation Plan

Business Activity	Date	Status/Comments	Sponsor/ Owner	Other Resources
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Abbreviations:

AIR	Applied Insurance Research
ATC	Applied Technology Council
Cal OES	California Governor's Office of Emergency Services
Cal-Tech	California Institute of Technology
CDC	California Department of Conservation
CDI	California Department of Insurance
CEA	California Earthquake Authority
CEA-MRT	California Earthquake Authority – Multidisciplinary Research Team
CGS	California Geological Survey
CRMP	California Residential Mitigation Program
CSSC	Alfred E. Alquist California Seismic Safety Commission
CUREE	Consortium of Universities for Research in Earthquake Engineering
EPICenter	CEA database
FEMA	Federal Emergency Management Agency
GIS	Geographic Information System
HSU	Humboldt State University
NAIC	National Association of Insurance Commissioners
NGA	Next-Generation Attenuation
PEER	Pacific Earthquake Engineering Research Center
PwC	PricewaterhouseCoopers
SCEC	Southern California Earthquake Center
STO	California State Treasurer's Office
TBD	To be determined
UCERF	Uniform California Earthquake-Rupture Forecast
USGS	United States Geological Survey

California Earthquake Authority

Losses & Loss Adjustment Expenses (LAE) Paid - Cumulative to December 31, 2013

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	156,781.38	14,110.29	\$170,891.67
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
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
Total					182	\$3,994,344.49	\$338,378.70	\$4,332,723.19

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 1/23/2014 - Policies in Force on: 12/31/2013

TOTALS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Homeowners							
15% Total	577,622	68.6 %	262,350,828,280	81.8 %	448,571,999	78.8 %	777
10% Total	70,600	8.4 %	34,561,150,930	10.8 %	57,920,551	10.2 %	820
Homeowners Total	648,222	77.0 %	296,911,979,210	92.6 %	506,492,551	89.0 %	781
Homeowners Choice							
15% Total	9,092	1.1 %	5,353,104,934	1.7 %	9,292,728	1.6 %	1,022
10% Total	6,002	0.7 %	3,420,727,883	1.1 %	5,273,302	0.9 %	879
Homeowners Choice Total	15,094	1.8 %	8,773,832,817	2.7 %	14,566,030	2.6 %	965
Manufactured Homes (Mobilehomes)- Homeowners							
15% Total	21,787	2.6 %	2,365,409,522	0.7 %	2,474,392	0.4 %	114
10% Total	4,510	0.5 %	685,384,209	0.2 %	614,700	0.1 %	136
Manufactured Homes (Mobilehomes)- Homeowners Total	26,297	3.1 %	3,050,793,731	1.0 %	3,089,092	0.5 %	117
Manufactured Homes (Mobilehomes)- Homeowners Choice							
15% Total	183	0.0 %	27,614,027	0.0 %	31,925	0.0 %	174
10% Total	203	0.0 %	34,409,955	0.0 %	27,080	0.0 %	133
Manufactured Homes (Mobilehomes)- Homeowners Choice Total	386	0.0 %	62,023,982	0.0 %	59,006	0.0 %	153
Condo Total	103,544	12.3 %	9,890,610,000	3.1 %	39,305,889	6.9 %	380
Renters Total	48,293	5.7 %	1,847,525,500	0.6 %	5,815,767	1.0 %	120
Grand Total	841,836	100.0 %	320,536,765,240	100.0 %	569,328,334	100.0 %	676

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 1/23/2014 - Policies in Force on: 12/31/2013

HOMEOWNERS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k	577,622	89.1 %	254,425,269,280	85.7 %	419,417,625	82.8 %	726
BCU 20k	70,699	10.9 %	706,990,000	0.2 %	1,173,992	0.2 %	17
Coverage C 25k	32,613	5.0 %	652,260,000	0.2 %	4,460,925	0.9 %	137
Coverage C 50k	21,060	3.2 %	947,700,000	0.3 %	4,722,699	0.9 %	224
Coverage C 75k	9,343	1.4 %	654,010,000	0.2 %	2,653,270	0.5 %	284
Coverage C 100k	33,925	5.2 %	3,222,875,000	1.1 %	11,747,314	2.3 %	346
Coverage D 10k	38,138	5.9 %	324,173,000	0.1 %	950,752	0.2 %	25
Coverage D 15k	68,020	10.5 %	918,270,000	0.3 %	2,515,386	0.5 %	37
Coverage D 25k	21,246	3.3 %	499,281,000	0.2 %	930,035	0.2 %	44
15% Total	577,622	89.1 %	262,350,828,280	88.4 %	448,571,999	88.6 %	777
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k	70,600	10.9 %	30,983,934,930	10.4 %	46,560,993	9.2 %	660
BCU 20k	19,892	3.1 %	198,920,000	0.1 %	272,982	0.1 %	14
Coverage C 25k	11,232	1.7 %	224,640,000	0.1 %	1,612,649	0.3 %	144
Coverage C 50k	8,144	1.3 %	366,480,000	0.1 %	1,559,635	0.3 %	192
Coverage C 75k	4,028	0.6 %	281,960,000	0.1 %	975,301	0.2 %	242
Coverage C 100k	19,068	2.9 %	1,811,460,000	0.6 %	5,756,847	1.1 %	302
Coverage D 10k	13,489	2.1 %	114,656,500	0.0 %	242,032	0.0 %	18
Coverage D 15k	24,051	3.7 %	324,688,500	0.1 %	633,848	0.1 %	26
Coverage D 25k	10,826	1.7 %	254,411,000	0.1 %	306,265	0.1 %	28
10% Total	70,600	10.9 %	34,561,150,930	11.6 %	57,920,551	11.4 %	820
Homeowners Total	648,222	100.0 %	296,911,979,210	100.0 %	506,492,551	100.0 %	781

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 1/23/2014 - Policies in Force on: 12/31/2013

HOMEOWNERS CHOICE	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k ¹	9,092	60.2 %	5,027,712,434	57.3 %	7,903,370	54.3 %	869
BCU 20k	3,092	20.5 %	30,920,000	0.4 %	55,724	0.4 %	18
Coverage C 25k	1,172	7.8 %	23,440,000	0.3 %	246,353	1.7 %	210
Coverage C 50k	907	6.0 %	40,815,000	0.5 %	240,584	1.7 %	265
Coverage C 75k	316	2.1 %	22,120,000	0.3 %	94,690	0.7 %	300
Coverage C 100k	1,253	8.3 %	119,035,000	1.4 %	472,693	3.2 %	377
Coverage D 10k	1,069	7.1 %	9,086,500	0.1 %	43,141	0.3 %	40
Coverage D 15k	688	4.6 %	9,288,000	0.1 %	36,475	0.3 %	53
Coverage D 25k	3,008	19.9 %	70,688,000	0.8 %	199,697	1.4 %	66
15% Total	9,092	60.2 %	5,353,104,934	61.0 %	9,292,728	63.8 %	1,022
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k ¹	6,002	39.8 %	3,084,490,383	35.2 %	4,130,030	28.4 %	688
BCU 20k	2,561	17.0 %	25,610,000	0.3 %	36,926	0.3 %	14
Coverage C 25k	1,137	7.5 %	22,740,000	0.3 %	196,344	1.3 %	173
Coverage C 50k	967	6.4 %	43,515,000	0.5 %	206,020	1.4 %	213
Coverage C 75k	344	2.3 %	24,080,000	0.3 %	79,281	0.5 %	230
Coverage C 100k	1,492	9.9 %	141,740,000	1.6 %	459,870	3.2 %	308
Coverage D 10k	1,005	6.7 %	8,542,500	0.1 %	27,293	0.2 %	27
Coverage D 15k	566	3.7 %	7,641,000	0.1 %	19,813	0.1 %	35
Coverage D 25k	2,654	17.6 %	62,369,000	0.7 %	117,725	0.8 %	44
10% Total	6,002	39.8 %	3,420,727,883	39.0 %	5,273,302	36.2 %	879
Homeowners Choice Total	15,094	100.0 %	8,773,832,817	100.0 %	14,566,030	100.0 %	965

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 1/23/2014 - Policies in Force on: 12/31/2013

MANUFACTURED HOMES (MOBILEHOMES)- HOMEOWNERS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Deductible - 15%							
CovA/C5k/D1.5k/BCU10k	21,787	82.8 %	2,167,655,022	71.1 %	2,351,273	76.1 %	108
Coverage C 25k	1,655	6.3 %	33,100,000	1.1 %	36,817	1.2 %	22
Coverage C 50k	1,114	4.2 %	50,130,000	1.6 %	36,602	1.2 %	33
Coverage C 75k	350	1.3 %	24,500,000	0.8 %	13,512	0.4 %	39
Coverage C 100k	486	1.8 %	46,170,000	1.5 %	21,147	0.7 %	44
Coverage D 10k	1,586	6.0 %	13,481,000	0.4 %	5,861	0.2 %	4
Coverage D 15k	1,383	5.3 %	18,670,500	0.6 %	6,443	0.2 %	5
Coverage D 25k	498	1.9 %	11,703,000	0.4 %	2,737	0.1 %	5
15% Total	21,787	82.8 %	2,365,409,522	77.5 %	2,474,392	80.1 %	114
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k	4,510	17.2 %	489,558,209	16.0 %	529,834	17.2 %	117
Coverage C 25k	1,449	5.5 %	28,980,000	0.9 %	23,828	0.8 %	16
Coverage C 50k	1,069	4.1 %	48,105,000	1.6 %	23,868	0.8 %	22
Coverage C 75k	339	1.3 %	23,730,000	0.8 %	9,577	0.3 %	28
Coverage C 100k	524	2.0 %	49,780,000	1.6 %	16,963	0.5 %	32
Coverage D 10k	1,341	5.1 %	11,398,500	0.4 %	3,328	0.1 %	2
Coverage D 15k	1,352	5.1 %	18,252,000	0.6 %	4,554	0.1 %	3
Coverage D 25k	663	2.5 %	15,580,500	0.5 %	2,748	0.1 %	4
10% Total	4,510	17.2 %	685,384,209	22.5 %	614,700	19.9 %	136
Manufactured Homes (Mobilehomes)-Homeowners Total	26,297	100.0 %	3,050,793,731	100.0 %	3,089,092	100.0 %	117

California Earthquake Authority

Operations - Governing Board Report

All Companies - As Of 1/23/2014 - Policies in Force on: 12/31/2013

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	183	47.4 %	21,518,027	34.7 %	26,330	44.6 %	144
Coverage C 25k	48	12.4 %	960,000	1.5 %	1,723	2.9 %	36
Coverage C 50k	31	8.0 %	1,395,000	2.2 %	1,671	2.8 %	54
Coverage C 75k	11	2.8 %	770,000	1.2 %	482	0.8 %	44
Coverage C 100k	11	2.8 %	1,045,000	1.7 %	541	0.9 %	49
Coverage D 10k	27	7.0 %	229,500	0.4 %	257	0.4 %	10
Coverage D 15k	16	4.1 %	216,000	0.3 %	160	0.3 %	10
Coverage D 25k	63	16.3 %	1,480,500	2.4 %	763	1.3 %	12
15% Total	183	47.4 %	27,614,027	44.5 %	31,925	54.1 %	174
Deductible - 10%							
CovA/C5k/D1.5k/BCU10k ¹	203	52.6 %	23,816,955	38.4 %	21,632	36.7 %	107
Coverage C 25k	78	20.2 %	1,560,000	2.5 %	1,693	2.9 %	22
Coverage C 50k	46	11.9 %	2,070,000	3.3 %	1,271	2.2 %	28
Coverage C 75k	21	5.4 %	1,470,000	2.4 %	569	1.0 %	27
Coverage C 100k	24	6.2 %	2,280,000	3.7 %	773	1.3 %	32
Coverage D 10k	37	9.6 %	314,500	0.5 %	233	0.4 %	6
Coverage D 15k	18	4.7 %	243,000	0.4 %	118	0.2 %	7
Coverage D 25k	113	29.3 %	2,655,500	4.3 %	790	1.3 %	7
10% Total	203	52.6 %	34,409,955	55.5 %	27,080	45.9 %	133
Manufactured Homes (Mobilehomes)-Homeowners Choice Total	386	100.0 %	62,023,982	100.0 %	59,006	100.0 %	153

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 1/23/2014 - Policies in Force on: 12/31/2013

CONDO	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Coverage A/BCU 10k	76,273	73.7 %	2,669,555,000	27.0 %	8,042,891	20.5 %	105
Coverage C 5k/D 1.5k	34,191	33.0 %	222,241,500	2.2 %	2,438,662	6.2 %	71
Coverage C 5k ¹	10,172	9.8 %	50,860,000	0.5 %	627,195	1.6 %	62
Coverage C 25k	15,023	14.5 %	375,575,000	3.8 %	1,700,903	4.3 %	113
Coverage C 50k	12,303	11.9 %	615,150,000	6.2 %	1,534,910	3.9 %	125
Coverage C 75k	5,538	5.3 %	415,350,000	4.2 %	742,958	1.9 %	134
Coverage C 100k	11,861	11.5 %	1,186,100,000	12.0 %	1,643,831	4.2 %	139
Coverage D 1.5k ²	7,149	6.9 %	10,723,500	0.1 %	93,274	0.2 %	13
Coverage D 10k	14,140	13.7 %	141,400,000	1.4 %	361,418	0.9 %	26
Coverage D 15k	23,862	23.0 %	357,930,000	3.6 %	652,769	1.7 %	27
Coverage D 25k	9,746	9.4 %	243,650,000	2.5 %	266,035	0.7 %	27
Coverage E 25k	3,224	3.1 %	80,600,000	0.8 %	717,778	1.8 %	223
Coverage E 50k	58,701	56.7 %	2,935,050,000	29.7 %	17,508,614	44.5 %	298
Coverage E 75k	7,819	7.6 %	586,425,000	5.9 %	2,974,651	7.6 %	380
Condo Total	103,544	100.0 %	9,890,610,000	100.0 %	39,305,889	100.0 %	380

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 1/23/2014 - Policies in Force on: 12/31/2013

RENTERS	Policies In Force	% Total	Exposure	% Total	Written Premium	% Total	Avg Written Premium
Coverage C 5k/D 1.5k	18,396	38.1 %	119,574,000	6.5 %	1,357,725	23.3 %	74
Coverage C 5k ¹	3,687	7.6 %	18,435,000	1.0 %	251,526	4.3 %	68
Coverage C 25k	12,034	24.9 %	300,850,000	16.3 %	1,476,695	25.4 %	123
Coverage C 50k	7,339	15.2 %	366,950,000	19.9 %	984,286	16.9 %	134
Coverage C 75k	2,199	4.6 %	164,925,000	8.9 %	315,762	5.4 %	144
Coverage C 100k	4,638	9.6 %	463,800,000	25.1 %	650,502	11.2 %	140
Coverage D 1.5k ²	5,201	10.8 %	7,801,500	0.4 %	70,531	1.2 %	14
Coverage D 10k	8,054	16.7 %	80,540,000	4.4 %	225,015	3.9 %	28
Coverage D 15k	9,140	18.9 %	137,100,000	7.4 %	265,472	4.6 %	29
Coverage D 25k	7,502	15.5 %	187,550,000	10.2 %	218,252	3.8 %	29
Renters Total	48,293	100.0 %	1,847,525,500	100.0 %	5,815,767	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