



When the shaking stops, too few households on ...

SOLID GROUND.

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ABC7's Loma Prieta News Coverage Memories and Commemorative Special

Cheryl Jennings was just starting her second year as prime-time anchor at KGO-TV in San Francisco when the Loma Prieta earthquake struck. After finishing the early broadcast, talking baseball in the run-up to the evening's scheduled third game of the 1989 World Series, the first shocks hit.

"We came upstairs from the news studio and began to walk into the newsroom," Jennings said. "The building rocked violently and 27-inch TV monitors came flying at us, and ceiling tiles dropped. We grabbed on to a wall and hung on for dear life until the shaking stopped."

When it did, and it seemed that no one around the newsroom was hurt, Jennings said she clicked into work mode.

"I was worried about my family and had no way to reach them, like a lot of people," she said. "And so that was a very scary, very helpless feeling for me. But as soon as the shaking stopped, my news instincts kicked in."

Jennings was able to confirm that her family was safe and unharmed. And then she spent roughly the next two days in front of cameras. At times, especially early on in the coverage when power was intermittent and people were still reeling, she relayed reports from residents who called into the studio with information from their homes and streets. She even read from the phone book.

"The building rocked violently and 27-inch TV monitors came flying at us"

"I started encouraging people to read the emergency instructions in the front," said Jennings of that moment. "Things like, check your gas line. If you smell gas, then here's what you should consider because you don't want your house to catch on fire or explode."

Then, as reporters fanned out across the damage and cameras began to bring in fresh images, the extent of the earthquake became clear. The news shifted to coverage of rescue and recovery.

In the present, looking back on Loma Prieta – and also at the recent Napa quake that Jennings covered – the news anchor said she hopes Bay Area residents take earthquake preparedness seriously.

"I still don't think we're as prepared as we could be, and we should be," Jennings said.

A new KGO-TV special about Loma Prieta, airing this month on the station to commemorate the 25th anniversary of the event, will help promote the importance of earthquake preparedness to Californians before the next big one strikes.



The upper-deck section of Interstate 880 collapsed on its lower level, crushing scores of vehicles and killing dozens of people.



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TO REBUILD®**

About the CEA:

The California Earthquake Authority (CEA) is a publicly managed, privately funded, not-for-profit organization that provides catastrophe residential earthquake insurance and works to help encourage all Californians to take steps to reduce the risk of earthquake loss.

This special section was produced by the California Earthquake Authority

Writer: **James O'Brien**

Photos: **The Associated Press**

After the shaking stops, too few households on solid ground

Less than 10 percent of Bay Area homes covered for earthquake damage

Are Californians protecting themselves against the huge financial costs they and their families could face after the next big earthquake?

Napa was on many minds at the start of fall, following the magnitude-6.0 temblor on Aug. 24 that injured more than 100, killed one person, and caused at least \$250 million in damage to private homes and commercial property.

And as commemorations of the 25th anniversary of the magnitude-6.9 Loma Prieta quake are set to begin, this October will be rife with reminders that the region faces the unmistakable possibility of a major seismic event.

An important question faces many of us: Are we in the know about insuring our homes and property against the damage that comes with quakes? Or are we living with misconceptions about price, deductibles and how these resources really work?

Evidence suggests that, too often, Californians aren't

engaged with the resources that can help stave off the worst of a quake's financial consequences.

According to data from the California Department of Insurance (CDI), the gap between the increasing costs of construction and decreasing numbers of homeowners buying earthquake insurance is widening at what experts say is an alarming rate—statewide, this reconstruction-cost/earthquake-insurance gap has widened by 56 percent since 2006.

And according to CDI data, more than a half-trillion (\$602B) in potential reconstruction costs from earthquake damage to homes in the 10-county Bay Area region are not covered by earthquake insurance.

As a result, they tell us that it's time for California to revisit earthquake insurance. To that

end, we turn both to the past, for the lessons it can teach us, and to the present, for fresh data and advice about the protection Bay Area residents can secure.

Loma Prieta: 25 Years Later

A quarter century ago, the earth shook violently in Northern California. The first shock rippled through the ground near the Santa Cruz Mountains, speeding outward from Loma Prieta and reaching the San Francisco Bay Area shortly after five in the evening.

In Candlestick Park, Game 3 of the 1989 World Series was only moments away from first pitch. Some 62,000 people there felt the shaking. Pre-game TV reporters were suddenly shifting their attention to post-quake coverage.

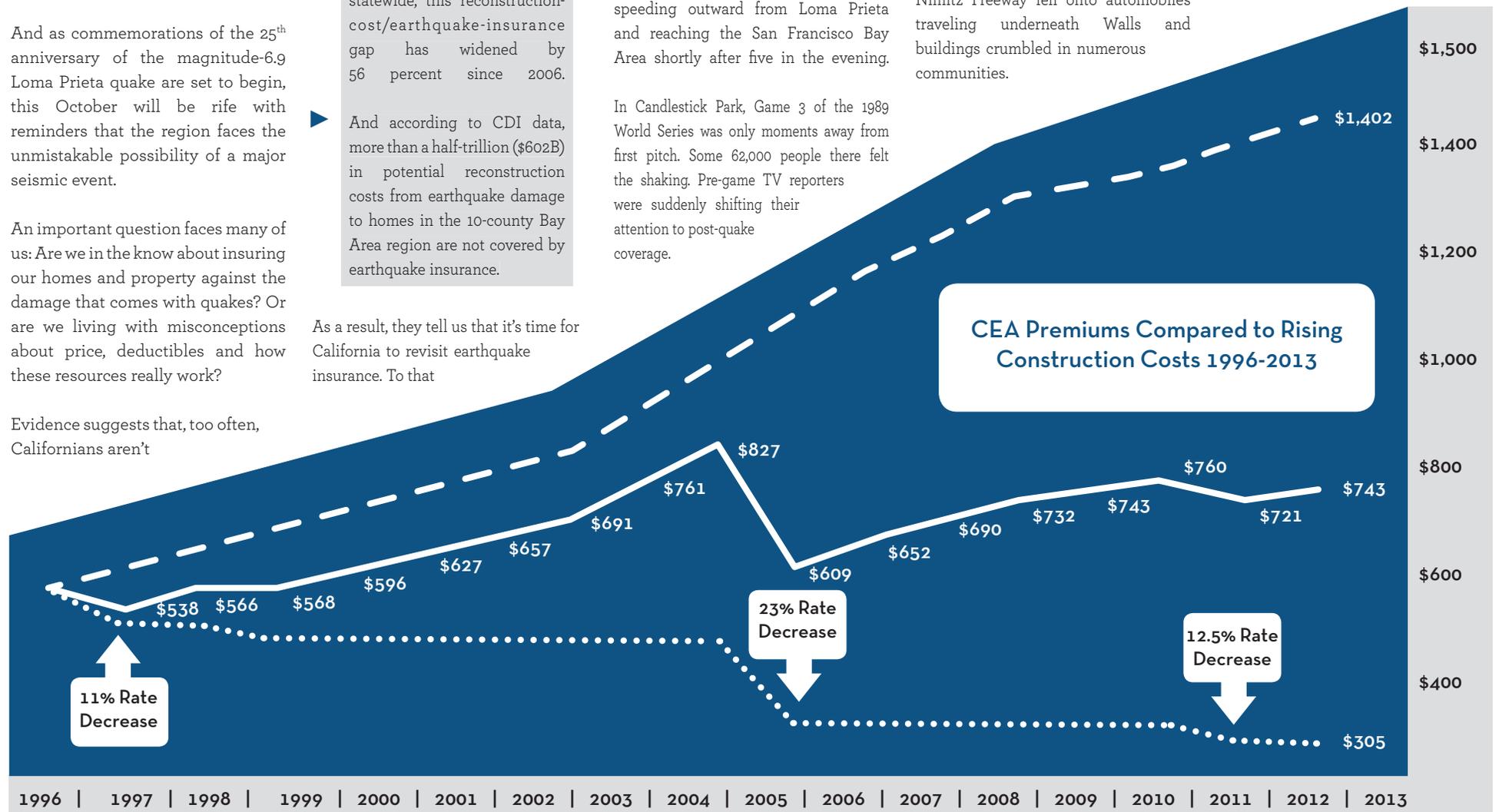


Bob Kubiawicz, left, and John Wooliscroft look at what is left of a neighbor's home on Oct. 21, 1989, in Boulder Creek.

Nearby, 50 feet of the San Francisco-Oakland Bay Bridge collapsed. Northeast, in Oakland, dozens of people lost their lives as the upper deck of the Nimitz Freeway fell onto automobiles traveling underneath. Walls and buildings crumbled in numerous communities.

Dozens died. Thousands were injured.

And then, there were the steep material
CONTINUED ON PAGE 5



With three substantial rate decreases since 1997, CEA has softened the insurance-price impact of soaring construction costs.

•••• With rate change, but no construction-cost increases — — — — With no rate change and same increases on construction costs — — — — Actual premiums

Know Your Risk for Earthquake Damage

Even the most experienced earthquake scientists are unable to predict exactly when and where the next temblor will occur. But seismic experts do speak confidently of the probabilities of quake events, region by region. One agency working to communicate the often disquieting probabilities is the United States Geological Survey (USGS).

“Every four or five years we update the hazard assessment,” said Tom Brocher, director of the Earthquake Science Center at the USGS. “The version that was released in 2008 found a likelihood of a magnitude-6.7 or greater earthquake in the Bay Area to be 63 percent” during the next 30 years.

Using a 30-year model, and looking at decades’ worth of data with help from experts in numerous scientific fields, the USGS has produced long-term earthquake forecasts in California. For the state as a whole, the probability of a magnitude-6.7 or greater earthquake within the next 30 years is 99 percent.

“Now a 6.7 would be a more damaging earthquake, generally, than the Napa earthquake,” Brocher said, referring to the recent magnitude-6.0 event on August 24. “It would be more comparable to a Northridge type of earthquake in 1994 or maybe even approaching Loma Prieta.”

Different regions face other challenges, too.

68%

A magnitude-7 quake in Northern California has a 68 percent likelihood over the next 30 years.

82%

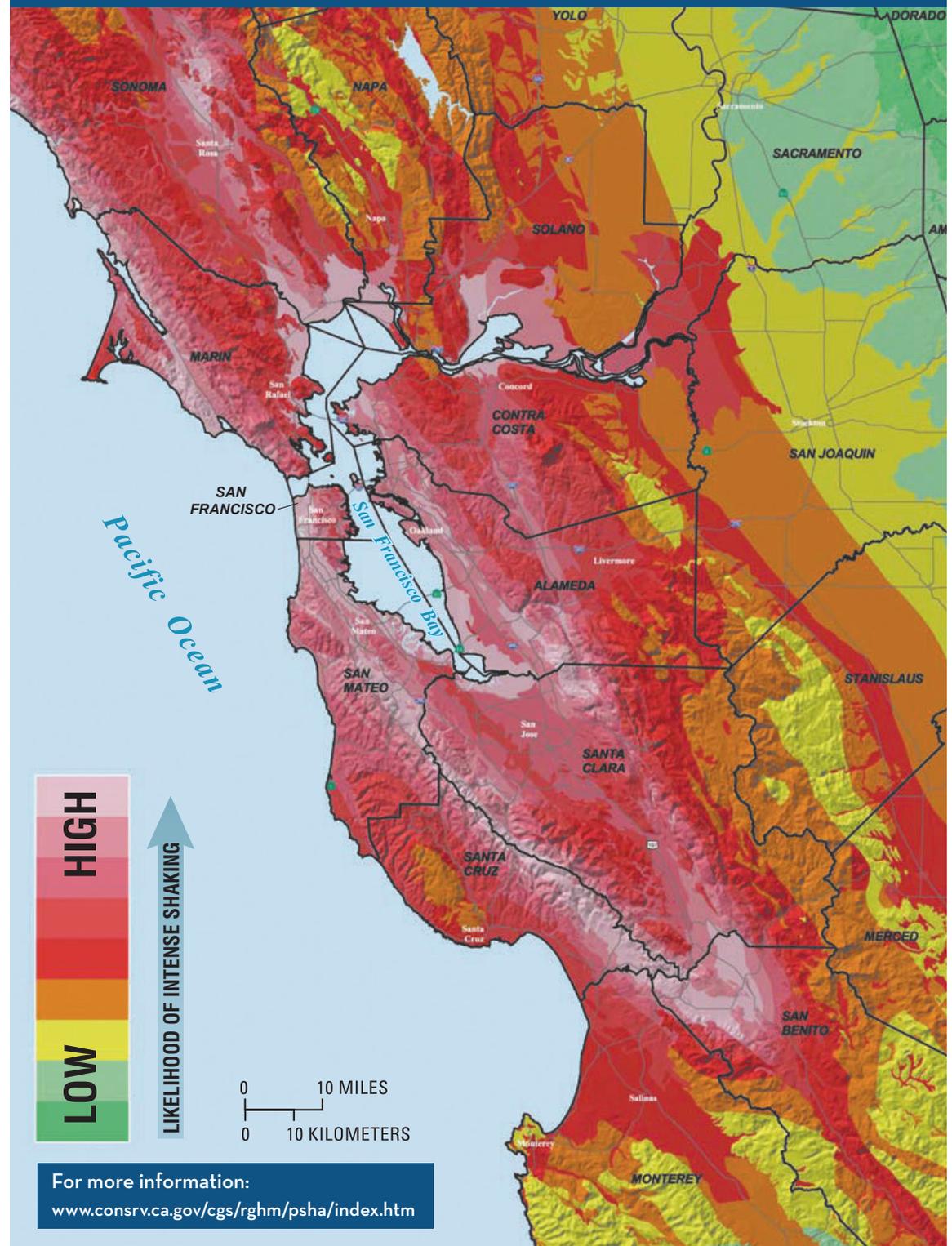
When it comes to all of Southern California, the USGS sees an 82 percent chance of a magnitude-7 quake.

46%

California faces a 46 percent chance when it comes to a quake of magnitude-7.5 or greater.

And if the 7.5 does happen? Not easy to think about, for any resident, but the USGS is committed to providing information that can help California residents better prepare for the next sizable quake.

Expected Levels of Shaking From Future Earthquakes



costs that the damage caused. The tally for ruined property totaled in the billions, making Loma Prieta one of the most expensive natural disasters in U.S. history.

After the dust settled, Loma Prieta left some 16,000 housing units uninhabitable, according to an Association of Bay Area Governments report. Almost 13,000 of those were in the Bay Area. The toll on homes was steep — the need for the resources to rebuild, equally so. And the price that comes with that post-quake reality has only increased since 1989.

**Rebuilding:
Construction Costs Rise**

The USGS estimates there are 500,000 detectable earthquakes in the world each year. 100,000 of those can be felt, and 100 of them cause damage. We are fortunate that most quakes in our region are not strong. But if an earthquake the size of Loma Prieta happened again today, what would residents have to pay to restore the property loss it could bring?

Potentially a lot, it turns out. Experts say that costs of construction — key to any consideration of rebuilding — are on the rise.

- ▶ The California Earthquake Authority (CEA) puts the increase in construction costs statewide at 143 percent since 1996, the year the authority opened its doors, for the houses it insures statewide.
- ▶ James Kint, president of AWT Construction Group Inc. in Benicia, said new homes today

cost approximately \$310 per square foot; remodeling existing homes comes in at some \$150-\$220 per square foot; and totals for quake-repair prices that he saw from the moderate shake in Napa for houses damaged in late August averaged \$5,000-\$50,000.

And then there are the complications that can arise after an earthquake damages homes. Repairs are rarely a simple phone call away.

Thor Matteson, a structural engineer with Shearwalls.com, described

post-disaster scenarios that he's witnessed bring about a shortage of workers, coupled with the potential for overworked officials. These factors could lead, he said, to a too-hasty reconstruction that could mean even more money spent over time to re-fix what wasn't done right in the immediate aftermath.

Construction experts tell the tale. When it comes to quake repairs, especially if a homeowner is not well insured, personal resources are on the line. There is much at risk, for the individual and for the family.

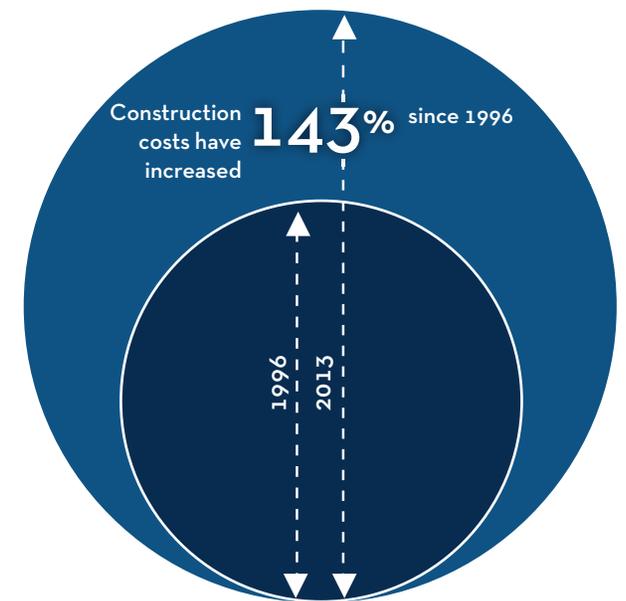
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Bay Area Household Earthquake Recovery Gap

\$602 Billion

UNINSURED

The gap in earthquake insurance coverage for reconstructing potential damage to Bay Area houses is \$602 billion.*



\$ 692 Billion

RECONSTRUCTION

\$ 90 Billion

INSURED

*California Department of Insurance Data

Projecting Residential Earthquake Damage in the Bay Area

Risk Management Solutions (RMS) is one of the companies in the business of modeling catastrophes such as earthquakes, with a key goal being the estimation of potential losses.

It's highly useful data for the insurance industry, but it's exactly the kind of work that helps homeowners too. One of the methods RMS uses to predict the scale and scope of damage from earthquakes of different kinds is called scenario studies. In these, RMS teams ask tough questions about what the data from major historical quakes can tell us about potential impacts to present-day communities.

"What if the 1868 Hayward earthquake happened again?" said Patricia Grossi, senior director for Global Earthquake Modeling at RMS, referring to the magnitude-6.8 quake that struck the Bay Area on Oct. 21 of that year. "What would happen today? What if the 1906 [San Francisco] earthquake happened again – what

would the impact be today?" The answers bring some major dollar impacts.

"If you're looking at regional impacts and economic losses to property, estimates can be in the billions of dollars," Grossi said. "Depending on the scenario, losses can reach the hundreds of billions of dollars."

Insured losses, under such scenarios, would be in the low tens of billions of dollars.

"That illustrates the low penetration, or take-up rates, of insurance," according to Grossi.

Low quake-insurance take-up is a dynamic that CEA officials are working to address. With the support of the data that RMS and numerous others in the seismic science and engineering communities are producing and studying, the hope is that public-policy leaders will devote serious time and attention to emphasize the benefits of adequate coverage.

Fewer Policy Purchases: Does 'Out of Sight' Mean 'Out of Mind'?

Despite evidence of the costs that come with earthquakes, California officials and experts say they haven't seen a significant uptick in people buying policies to protect their finances and ease the burden of rebuilding. Of course, in the days after a quake, interest spikes. But

since the late 1990s, the rate of insured renters and homeowners has remained stagnant.

The average take-up rate—a measure of the number of California residents with homeowners insurance who also buy earthquake-insurance policies—based on California Department of Insurance data, has dropped to approximately 10 percent from what was 34 percent in

1994, when Northridge was hit by a magnitude-6.7 earthquake.

It is a phenomenon that might seem counterintuitive. In a part of the world that is well known to have virtually constant seismic activity, why wouldn't residents be purchasing insurance against quake damage in record numbers?

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What to Expect from Government Assistance

State, local, tribal and territorial governments share the responsibility for protecting their citizens from disasters, and for helping them recover when a disaster strikes. In some cases, a disaster is beyond the capabilities of the state, local and tribal governments to respond.

There is an established process for requesting and obtaining a presidential disaster declaration.

When an earthquake strikes, the federal government takes notice. What happens after that, however, depends upon a number of factors.

"There might be disasters that never reach a federal level," said Veronica Verde, external affairs officer for the Federal Emergency Management Agency. "Emergencies and disasters start at a local level. Emergency and public works and volunteers—they initially provide for the public health and safety and try to meet the unmet needs for their community."

When local and state governments exceed their capabilities of responding, the governor can make a request to FEMA to conduct a joint Preliminary Damage Assessment (PDA) to estimate the extent of the damage and its impact on individuals and public facilities. "The PDA team can be comprised of personnel from FEMA, state, tribal, county, local government and the U.S. Small Business

Administration," Verde said. The PDA teams begin with reviewing the types of damage or emergency costs incurred by local government, and the impact to critical facilities such as public utilities, individuals' homes and businesses. This assessment includes the number of people displaced, homes damaged or destroyed, and the threat to health and safety caused by the disaster.

Based on the PDA findings, the governor can request through FEMA for the president to declare a federal disaster declaration. PDAs are included in the governor's request to show that the disaster is of such severity and magnitude that effective response is beyond the combined capabilities of the state, tribal and local governments, and that federal disaster assistance is necessary.

Based on the governor's request, the president may declare that a major disaster or emergency exists, thus activating an array of federal programs to assist in the response and recovery efforts.

Not all programs, however, are activated for every disaster. The determination of which programs are activated is based on the needs found during the damage assessment. FEMA disaster assistance falls into three categories: Individuals Assistance, to aid individuals and households through grants for emergency repairs to a

household; Public Assistance, to aid public and certain non-profit entities for emergency services, repair and replacement of disaster-damaged facilities; Hazard Mitigation Assistance, to provide funding designed to reduce future losses to public and private property.

i Grants to homeowners allow for emergency repairs to get individuals back into their residences. "It's not a large amount," Verde said, but can aid individuals and households in making essential emergency repairs.

i The U.S. Small Business Administration provides loans to business owners and individuals—to homeowners, for dwelling and personal property, and to renters for personal property only. The loans are typically triggered by approximately \$40,000 in loss for personal property and some \$200,000 for real-estate losses. According to the SBA, loans can have interest as low as 2 percent and are at times longterm in nature (up to 30 years). The loans are subject to credit checks and demonstration of ability to repay, and collateral is required in some cases. Of course those applying for aid who also have mortgage loans should bear in mind that your mortgage payments continue unchanged, even for your quake-damaged property."

EARTHQUAKE RECOVERY GUIDE

How to Respond, How to Find Shelters

After the initial shaking is over and you need shelter, and you aren't sure where to go, the Red Cross has a plan for you.

"In many instances, the best plan is to seek a Red Cross shelter," said Mark Cloutier, American Red Cross regional CEO.

"Part of why going to a shelter is so important is that the critical information and emotional support about how to deal with the immediate aftermath will be there," Cloutier said. "Along with food and medical help, the Red Cross volunteers create a safe place and offer mental health resources that draws families and neighborhoods together and helps them begin their recovery planning."

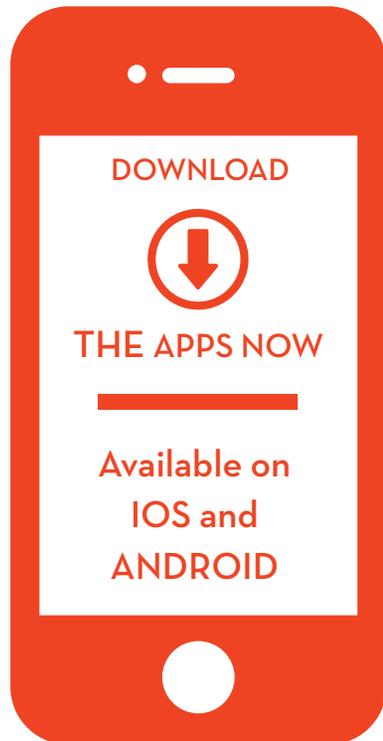
The Red Cross identifies key shelter locations far in advance of the events that require them. However, not all of these facilities are likely to be open and running at the same time or immediately following an earthquake, as buildings need to be inspected for safety. To help find open safe spots nearest to your location, download and use the Red Cross' free earthquake apps¹ – available for both iOS and Android.

"I really recommend people download those, and between them and the social media embedded in the apps they will find a safe place they can go, let their

loved ones know they are okay, and have in their hands tips for how to prepare and respond to earthquakes," said Cloutier. "And know you are coming to a place staffed by trained volunteers who are experts at responding to disasters. We have a deep commitment, and a human touch."

Additionally, you can register yourself, your family and loved ones at the Red Cross' Safe and Well website.² Users can sign in online after an earthquake, to let each other know that each individual is all right and where they are. With technology, and the human effort that Cloutier and his teams are spearheading, your chances of recovering more

quickly from the next quake are much enhanced. Be proactive, and be prepared, and be ready to take advantage of the shelters that the Red Cross has committed to offer.



1 Search for "Red Cross" on your device's app store.

2 safeandwell.communityos.org

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October 16, 2014
Register Now at
ShakeOut.org/california

The Great
California
**Shake
Out**TM

THE SEVEN STEPS TO EARTHQUAKE SAFETY

PREPARE



1. SECURE YOUR SPACE
Secure your space by identifying hazards and securing moveable items.



2. PLAN TO BE SAFE
Plan to be safe by creating a disaster plan and deciding how you will communicate in an emergency.



3. ORGANIZE DISASTER SUPPLIES
Organize disaster supplies in convenient locations.



4. MINIMIZE FINANCIAL HARDSHIP
Minimize financial hardship by organizing important documents, strengthening your property and considering insurance.

SURVIVE



5. DROP, COVER AND HOLD ON
Drop, cover and hold on when the earth shakes.



6. IMPROVE SAFETY
Improve safety after earthquakes by evacuating if necessary, helping the injured and preventing further damage.

RECOVER



7. RECONNECT AND RESTORE
Restore daily life by reconnecting with others, repairing damage and rebuilding community.

“I’ll tell you exactly what’s in place,” said Dr. Dennis Mileti, professor emeritus and director emeritus with the Natural Hazards Center at the University of Colorado-Boulder, now living in Rancho Mirage, regarding the root of California’s decline in quake-insurance take-up. “No. 1, we’re dealing with human beings.”

“Even though we’ve all seen photos of the 1906 catastrophic earthquake,” Mileti said, “and people like me, from the roof of their house, can see the epicenter of the next great Southern California earthquake, human beings go through life believing that they’re totally safe.”

Mileti explained that his more than 40 years of research suggests that, in a nutshell, communities tend to absorb disaster-related information as applying to other cities and towns. But residents do not accept — or they only

accept for a short time immediately following a catastrophe — that such an event could ever directly affect them and where they live.

“Regarding insurance, you might even come up with the rationale that the deductible is too high, and that if you do have an earthquake it won’t cause that much damage,” Mileti said. “And therefore, you decide it’s not good economic sense to purchase insurance.”

In response to that kind of thinking, Mileti said California needs to show the will — and act on it — to educate residents and clarify misunderstandings about earthquake insurance. There are, it turns out, sometimes misconceptions about its cost and mechanisms — ones that can be addressed with some fresh information.

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Two firefighters scale a ladder on Oct 18, 1989 to survey the wreckage of an apartment in San Francisco’s Marina district which was destroyed by the Oct. 17 magnitude-6.9 earthquake.

That Darn Deductible – Facts, Please!

The California Earthquake Authority (CEA) knows a lot about the earthquake insurance they provide, and they want state residents to be similarly informed.

One of the most common questions from consumers is, “Do I have to write a check?” believing that a policyholder would have to write a check to the CEA before they get payment on a claim.

That’s not the case, however. “Your deductible is actually taken from the covered damage and we pay you the difference,” said Trudy Moore, insurance program manager with CEA. “As long as you’ve incurred enough covered damage to exceed your deductible, we’ll pay the difference between your covered damage and your deductible.” That works the same for renters and condo residents as well.

Other key questions that many homeowners bring to the CEA are about how policy features work. Moore offered the following details to help bring the process into focus.

i FOR RENTERS:

Policies cover personal property as well as additional living expenses and loss of use. The deductible is a flat \$750 on the personal property coverage, regardless of the limit of insurance selected. There is no deductible when it comes to coverage for additional living expenses and loss of use.

i FOR CONDO RESIDENTS:

The deductible works the same way as for renters when it comes to personal property and additional living expenses and loss of use. Dwelling coverage for condo owners comes with a 15 percent deductible and a capped \$25,000 coverage limit, which insures structural items inside the condo

unit. Loss assessment coverage for condo owners can cover the owner’s assessed share of the cost of damage to outside features as well, such as the roof. Limits of \$25,000 to \$75,000 are available, and the coverage comes with a 15 percent deductible. The homeowners association is responsible for determining the total damage and resulting assessments on association members.

i FOR HOMEOWNERS:

A standard homeowners policy from the CEA bundles all coverages into one package. But with a CEA homeowners choice policy, personal property can have its own separate deductible of 10 percent or 15 percent, with limits from \$5,000 to \$100,000. These policy choices allow policyholders to select insurance limits for the structure but insure things within the structure differently. The CEA policy’s separate-coverage, separate-deductible feature means it’s

more likely that a policyholder would receive a contents-claim payment after a moderate earthquake that doesn’t damage the house itself. “Everybody’s coverage needs are different,” said Moore. Importantly, Moore noted that if there is enough damage to a house from a sizable quake to exceed the dwelling-coverage deductible, then the CEA homeowners choice policy waives the personal-property deductible altogether so homeowners don’t have to pay twice.

i EMERGENCY REPAIRS:

CEA homeowners policies are deductible-free for the first \$1,500 of emergency repairs required to protect a house, post-quake (steps such as boarding up windows or propping up structural features). The idea is to get residents back into safe homes as soon as possible.



Residents look over a building in the Marina district of San Francisco that was severely damaged by the major earthquake that rocked the San Francisco Bay Area on Oct. 17, 1989.

Earthquake Insurance: Telling the Story Anew

If misunderstandings about price and structure of earthquake insurance are among the core causes for declining take-up, the California Earthquake Authority (CEA) and insurance experts are eager to give residents an accurate account of how the coverage works in 2014.

For one thing, the ongoing availability of new science means rates have fallen.

Since the CEA was formed in 1996, it has reduced rates three times for a total of 47 percent. Despite construction costs increasing 143 percent during the same period, today the average statewide annual premium for CEA homeowner policies is \$798 (or \$66.50 per month).

Earthquake insurance premium averages vary significantly by locality. The average annual premium for CEA homeowner policies is \$222 in San Diego, \$578 in Orange County, \$970 in Los Angeles and \$2,156 in San Francisco.

The cost of homeowners earthquake insurance in San Francisco is higher than most cities because many houses in the area were built before seismic building codes were in place and are on or near a major earthquake fault. In addition, although higher insurance rates mirror the higher risks in San Francisco, the cost of home reconstruction is higher there too.

Average quake insurance premiums are lower for San Francisco condo owners and renters than for the city's homeowners.

Condo owners, who may be worried most about covering owner-association assessments to repair earthquake damage to common areas, will see an average annual premium of \$575. For an average annual premium under \$170, renters can insure personal property and other expenses that may come with finding a different place to live while repairs are underway.

Despite the high risk for earthquake damage and escalating reconstruction costs in the Bay Area, the CEA asserts that it is well funded at this time to handle events of almost any scale.

"We could handle all our claims if both the San Francisco 1906 and 1989 Loma

CONTINUED ON PAGE 10

Earthquake-Insurance Policy Premiums

"Earthquake insurance is very much like any other type of property insurance," Moore said. "It's really tied to the amount of risk that your house represents, how much coverage you purchase, and the deductible you choose. Where you live, the age and type of house you have, and your coverage choices also have impacts on your premium."

Older homes are often more expensive to insure. Wood-frame houses tend to withstand earthquakes more effectively than other kinds of construction, and so they typically cost less to insure. And while some circumstances are outside a homeowner's control, there are some things homeowners can do to alter premiums. Moore supplied the following examples.

i The amount of coverage and the deductible percentage affect the premium. Choosing higher or lower amounts will change your annual price.

i Retrofitting a house against earthquake damage prompts a 5 percent discount on the CEA premium. And there are retrofit-incentive programs available in California as well.

Homeowners often want to know how much earthquake insurance will cost them in a given year. See sidebar at right for information on how these premiums are determined.

Average Annual CEA Earthquake Insurance Premiums

	HOMEOWNERS	MOBILEHOME	CONDO	RENTERS
ALAMEDA	\$1,806	\$213	\$539	\$167
CONTRA COSTA	\$1,602	\$184	\$481	\$162
MARIN	\$1,484	\$264	\$419	\$138
NAPA	\$1,081	\$233	\$417	\$131
SAN FRANCISCO	\$2,156	n/a	\$575	\$168
SAN MATEO	\$1,725	\$223	\$533	\$166
SANTA CLARA	\$1,447	\$254	\$467	\$161
SANTA CRUZ	\$859	\$181	\$341	\$129
SOLANO	\$492	\$138	\$288	\$101
SONOMA	\$976	\$231	\$374	\$129

Residents who want to explore their premium options can use the CEA's online premium calculator. Supplying a few details about dwelling type, location, house value and structural features returns an estimated price. Then you can contact your homeowners agent or insurer for more information and to begin the purchase process.

And Moore emphasized the importance of making that important contact. "Probably the biggest thing that people need to remember," said Moore, "is that while the earthquake deductible might seem large, if they don't have any coverage, they have a 100 percent deductible."

CEA Teams With Cal OES to Offer Homeowners Cash for Residential Retrofitting

Many older homes in California face a precarious hazard when it comes to a strong earthquake: The house can slide and topple from its foundation.

The California Earthquake Authority is working with the California Governor's Office of Emergency Services to help owners of those homes remedy that problem.

"We created Earthquake Brace + Bolt: Funds to Strengthen Your Foundation (EB+B), a program to provide financial incentives to help homeowners retrofit their houses to protect against potential earthquake damage," said Janiele Maffei, a structural engineer and chief mitigation officer at the CEA.

EB+B provides up to \$3,000 to qualified homeowners. The retrofitting applies to homes built before 1976 and focuses on bolting the house to the foundation and bracing the "cripple (short-stud) wall" common under older homes.

Launched as a pilot program last fall in Oakland and Los Angeles, with plans to expand this year, the EB+B program is seeking to complete work on an additional 500 houses in 2015. Specific areas targeted for the expansion can be found on the EB+B website.

Maffei adds, "What happens when the earth shakes is that the cripple wall can fail and the

house slides and topples off the foundation. The EB+B program provides a cash incentive to lower a homeowner's cost of bolting the house frame to the foundation and reinforcing the cripple wall with plywood, which builds horizontal strength."

Typical construction costs for this kind of work run \$2,000-\$10,000, Maffei said.

"We found in houses qualifying for the EB+B program that the average retrofit cost is around \$5,000," she added. "So this incentive was a strong tipping point for homeowners deciding to do this retrofit."

Prieta earthquakes reoccurred today," said Glenn Pomeroy, chief executive officer of the CEA.

"I don't lose sleep worrying whether we have enough money to pay claims," Pomeroy said. "I worry because so many people don't have coverage."

From the insurance side of the equation, agents such as Hilda Sandoval, at AAA Northern California, emphasize the stakes that are in play for residents.

"You need to think about the economic impact if your home was damaged in an earthquake," Sandoval said. "Make sure you have enough coverage for additional living expenses, when it comes to your earthquake policy. Having sufficient coverage can also cover the loss that comes with that kind of catastrophe, if you end up being displaced."

Available CEA policy options also include the following:

- ▶ Homeowners can choose how coverage works, by insuring the house itself and then deciding whether to cover personal property or additional living expenses, or both.
- ▶ For claims that exceed the CEA deductible, policyholders do not have to pay out-of-pocket before becoming eligible for payment on a claim.

Insurance experts maintain that getting quake coverage is easy as well.

"One of the benefits of getting a CEA policy is that the customer can keep their home and earthquake policies in one place, with one company," said Jake Ng, insurance agent with State Farm, provided that the insurance company is part of the CEA network, as most are. "Your home insurance company will work with you, the customer, to review all your CEA policy coverage options and answer any questions you may have."

That is, residents don't need to shop for a new agent or choose among myriad insurance options on their own. Your agent handles the entire proceedings with the CEA. And, Ng noted, CEA premiums have indeed come down.

Proponents of earthquake insurance hope that newly amplifying such information will help alleviate Californians' uncertainties surrounding CEA coverage. For many, the alternative to insurance — paying 100 percent of the cost to replace, repair or rebuild — is truly too steep a price.

As Napa reconstructs, and as the region remembers Loma Prieta, the lessons of the past are clear: Closing the earthquake-recovery gap for Bay Area residents, by taking steps to reduce the potentially huge financial impacts of shake damage, is California's message for the present. ■



IS YOUR HOUSE EARTHQUAKE READY?

Find out how you may qualify for up to \$3,000 to help make your house earthquake ready at EarthquakeBraceBolt.com



Rescue dogs are brought into position to begin searches of destroyed houses in the Marina district of San Francisco on Oct. 18, 1989, after a strong earthquake caused widespread damage.

Got Earthquake Damage? Advice to Help Homeowners Repair and Rebuild

Homeowners might wonder how the cost of earthquake insurance compares to the cost of rebuilding without it.

The simple answer is, whatever an earthquake insurance policy's deductible might be, if you don't have coverage and a serious quake significantly damages or destroys your home, then your personal cost is going to be 100 percent of the damage cost. You bear the whole load of the event.

Experts such as Amy Bach, executive director at United Policyholders, know that residential property owners wrestle with such equations.

In her recent article, posted on the heels of the August 24 Napa temblor, she suggested several reasons why homeowners might remain on the insurance-buying fence. "Common reasoning," she wrote. "If the quake is big enough to cause damage above my deductible, the government will come and bail me out."

Not so fast, she recommends. FEMA does offer individual assistance grants, but you must qualify and they are limited.

And if your home slides off its foundation, as many did in Napa, Bach said, then your damage can swiftly climb into the six figures to repair.

So if you opt to insure your home against earthquakes, Bach offered the following tips to help make certain your policy works in the best way for you. When you decide to buy the quake coverage, check that these key strategies are part of your approach.

i You'll need a home insurance policy in place before you get quake coverage. Since almost all home policies exclude coverage for earthquake damage, you'll likely need to secure a separate policy or a rider.

i Understand the differences between homeowners, renter and condo-owners earthquake policies. You'll find that they differ when it comes to additional living expense coverage, amounts of deductible, and the separation of coverage between a dwelling itself and the items you keep in it. Condo owners, in particular, should be aware of policy rules that afford or limit loss assessment coverage.

i If you end up having to file an earthquake-related claim, keep a diary of the people and officials with whom you speak — including dates, times and topics. Take plenty of photos of damage before cleanup and debris removal.

i As you begin working with your adjuster, approach it as the business negotiation that it is, documenting everything and supporting your arguments with the details you've been tracking and keeping organized along the way.

Finally, as in all business transactions where a great deal is on the line, don't sign contracts with a contractor or agency until you've had an attorney look over the details.



Residents were given 15 minutes to take items from their earthquake-damaged homes in San Francisco following the 1989 quake.

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