



October 15, 2009

Via U.S. Mail  
The Honorable Barbara Boxer  
112 Hart Senate Office Building  
Washington, D.C. 20510

Re: Senate Bill 886, the Catastrophe Obligation Guarantee Act

**Board of Directors**

**Amy Bach**

*Executive Director*

**Alice J. Wolfson**

*Chair, Board of Directors*

**Hon. Stanley G. Feldman**

*Chief Justice (RET)*

*AZ Supreme Court*

**Larry P. Ginsburg, CFP®**

*Ginsburg Financial Advisors, Inc.*

**William H. Hedden**

*Consolidated Adjusting, Inc.*

**E. Gerard Mannion**

*Mannion & Louse*

**Shirley Roberson**

*Non-Profit Consultant*

**Deborah Senn**

*Insurance Commissioner (1993-2001)*

*Washington State*

**William M. Shernoff**

*Shernoff, Ridart, Duran & Echevarria LLP*

Dear Senator Boxer,

We are writing to express our support of Senate Bill 886 and urge you to give favorable consideration to signing on as a co-sponsor. This measure is a refreshingly simple good idea that will once again make earthquake insurance a viable option for California homeowners. As you probably know, almost 90% of the homes in our state are not protected against the risk of earthquake damage. When the quake insurance marketplace changed dramatically after the 1994 Northridge earthquake, most concluded it was not worth the high cost and dropped the coverage. We don't blame them, but the situation must change and Senate bill 886 offers a real solution.

The bill will cut out a major annual cost factor for the state's leading quake insurance provider; the California Earthquake Authority which in turn will allow the CEA to charge less but preserve its capital and ability to pay claims.

United Policyholders is an 18 year old non-profit organization that helps solve insurance problems and advocates for consumers throughout the United States. We're closely allied with Consumer Watchdog, Consumers Union and the Consumer Federation of America. But we're unique in that we provide direct services to disaster victims so we have first-hand knowledge of the difference between people's ability to recover when they have insurance versus when they do not. We are deeply concerned over the current state of affairs and have been working long and hard to help solve the earthquake insurance problem here in California.

We all agree that earthquakes are a serious and constant threat in California. As a leader in our state and in Washington, I suspect you share our concern that it is not realistic for people to be relying on the state and federal government to provide the money they will need to repair their homes after the next big quake.

[www.unitedpolicyholders.org](http://www.unitedpolicyholders.org)

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October 15, 2009  
Page 2 of 2

So for the past six years, our organization has been working closely with CEA staff to improve the quality and lower the cost of the protection they sell. We strongly support this bill and have pledged to do whatever we can to promote its passage.

Through our Roadmap to Preparedness Program UP is helping Californians be insurance literate and learn lessons from past disasters. Part of this program includes educating the public on the decision to buy or not buy earthquake insurance. While this decision is a personal financial decision that should not be made on the basis of rumors, at the end of the day, it remains unaffordable for most people.

S.886 will reduce the cost of the EQ insurance sold by the California Earthquake Authority by about 40 percent and lower deductibles by 50 percent. This will give all California homeowners the option to protect their greatest asset from a catastrophic loss and make California far more disaster-ready and earthquake safe.

Sincerely,

A handwritten signature in black ink that reads "Amy Bach". The signature is written in a cursive, flowing style.

Amy Bach, Executive Director