



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA  
Chief Executive Officer

July 26, 2012

Board of Supervisors  
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Second District

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Third District

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Fourth District

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Fifth District

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

**MOTION BY SUPERVISOR KNABE TO SUPPORT S. 637, THE EARTHQUAKE INSURANCE AFFORDABILITY ACT (ITEM NO. 5, AGENDA OF JULY 31, 2012)**

Item No. 5 on the July 31, 2012 Board Agenda is a motion by Supervisor Knabe for the Board of Supervisors to support S. 637 (Feinstein), the Earthquake Insurance Affordability Act, and instruct the Chief Executive Officer to notify Senator Feinstein and the County's Legislative Advocates of the Board's support for this bill.

Senator Feinstein introduced S. 637 on March 17, 2011 within a week of the devastating magnitude 9.0 earthquake in Japan. The proposed Earthquake Insurance Affordability Act (EIAA) would establish a program to provide Federal guarantees of up to \$5 billion for debt issued by or on behalf of State catastrophe insurance programs to assist in the financial recovery from earthquakes, earthquake-induced landslides, volcanic eruptions, and tsunamis. Such guarantees would make earthquake insurance, such as the insurance provided through the California Earthquake Authority (CEA), more affordable. This bill is strongly supported by the CEA, which estimates that it would reduce earthquake insurance premiums by as much as 20 percent in California by allowing the CEA to save \$100 million in annual reinsurance costs.

On October 6, 2011, Representative John Campbell (R-CA) introduced an identical House companion bill (H.R. 3125). S. 637 was referred to the Senate Banking, Housing, and Urban Affairs Committee while H.R. 3125 was referred to the House Financial Services Committee. Neither committee has taken any action on this legislation. S. 637 and H.R. 3125 are supported by the CEA, the California State

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Association of Counties, the California Chamber of Commerce, and numerous business groups in California.

The Earthquake Insurance Affordability Act legislation would not have any impact on County operations. **Because there are no existing policies in the County's Federal Legislative Agenda relating to the legislation, support for the Earthquake Insurance Affordability Act is a matter for Board policy determination.**

We will continue to keep you advised.

WTF:RA  
MR:MT:ma

c: Executive Office, Board of Supervisors  
County Counsel