

KATE BROWN
GOVERNOR



Date: March 15, 2017

To: Senate Committee on Business & Transportation

From: Mike Harryman, State Resilience Officer and Office of Governor Kate Brown

Subject: SB 109 – Oregon’s Earthquake Insurance Task Force

Chair Beyer, members of the Committee, I’m Mike Harryman the State Resilience Officer in the Office of Governor Kate Brown.

I’m honored to speak to you all today.

On February 20, 2017, I testified in support of SB 109 – Oregon’s earthquake Insurance Task Force bill. At the hearing, recommendations were provided by Senator Girod. I believe we have captured his concerns in the -3 amendment that also captures the earlier -1 and -2’s.

As stated on February 20, 2017:

A major earthquake will seriously damage the property of thousands of homeowners in Oregon. In 2012 FEMA using their Hazus modeling estimated 440,000 residential buildings would be damaged from the CSZ earthquake.

Recovery from a major earthquake will be even more costly since only 20 percent of homes in Oregon have earthquake insurance and there is not a residential seismic retrofitting program currently in Oregon. This will greatly impact the long-term recovery efforts of communities across the state.

Successful disaster response and recovery hinges on individual and household preparedness.

Under the current FEMA reimbursement rule a homeowner is required to offset up to 25% match for repairs. Homeowners earthquake insurance will provide one option for the homeowner to stay in their community and be part of the build back.

Following the model used by the California Earthquake Authority (CEA), SB 109, if passes, will bring together industry leaders, state agencies, and the public to determine best practices as possible legislation in the 19-21 biennium.

SB 109 has three primary focus areas:

- 1) All insurance companies doing business in Oregon will offer earthquake insurance to residential owners, including multi-family units. Having the option to purchase earthquake insurance would be a great mitigation effort for the state and could help reduce Oregon's possible disaster deductible being considered by FEMA at this time when Public Assistance is being requested.
- 2) Look at the CEA model for residential incentive programs, one such program is where a home owner who makes seismic rehabilitation investments to their home is eligible to receive a one-time state tax credit.
- 3) Seek other task force recommendations.

I thank you for the opportunity to testify before you today. I would be happy to answer any questions.