

2009

**Pacific Earthquake Engineering Research**  
**Annual Meeting**

Thursday, October 15<sup>th</sup>, 2009

Tim Richison, CFO



# 1994-95: A Residential Insurance Crisis

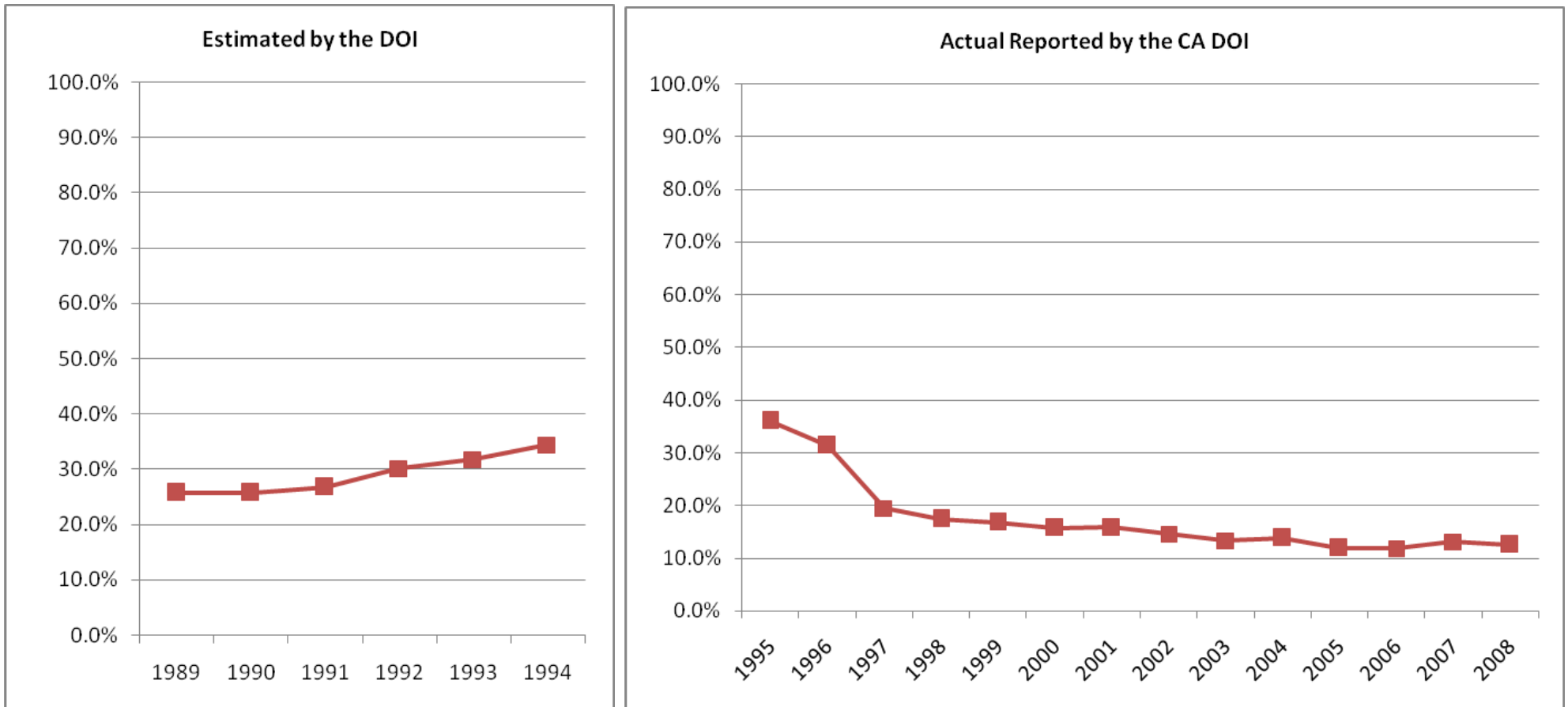
Mandatory Offer – Since mid-80s, insurers in California required to offer earthquake insurance.

Spike in earthquake insurance take-up following the 1994 Northridge earthquake.

California faced an **economic meltdown**

By mid-1995, 95% of the market severely restricted or stopped writing residential property coverage.

# *EARTHQUAKE INSURANCE TAKE-UP RATE*



# *FOR DISASTERS*

- **Most People Think:**
  - Won't really happen
  
- **And if They Do:**
  - Happen to other people, not them

# *WHY DO PEOPLE THINK THAT WAY?*

- **Most People Don't "Perceive Risk":**
  - To high consequence low probability events
- **They "Perceive Personal Safety":**
  - From nature's fury and other disaster types
- **They're Right** *(most of the time)*

# *WHAT SHOULD WE NOT DO?*

- **Don't Try to “Motivate” the Public with Increased Probabilities:**
  - People need to be aware of unknown hazards
  - Increased probabilities may be useful for many other things but...
  - *“Increasing perceived risk does not motivate or predict PUBLIC readiness action-taking”*

# *WHAT SHOULD WE DO?*

- **Tell Them How Readiness Actions Reduce Losses:**
  - *“People are more likely to take readiness actions if information explains how those actions can cut their losses if something happens”*

# *WHAT ELSE SHOULD WE DO?*

- **Get Public Readiness Out of the Closet and Into the Streets:**
  - People are more likely to take actions they see others doing
  - ***“Monkey see, monkey do applies”***



# *7 PUBLIC READINESS ACTION CATEGORIES*

## **1. Learn How to Be Ready:**

- What to do before, during, and after an event to stay safe and more

## **2. Plan What to Do:**

- Household disaster plan and more

## **3. Train & Practice:**

- Learn first aid and more

## **4. Organize Supplies & Equipment:**

- Stockpile enough of what you'll need and more

## **5. Secure Building Contents:**

- Attach heavy furniture to the walls and more

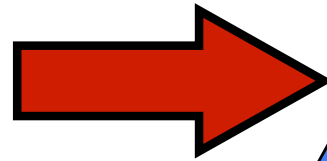
## **6. Protect Building Structure:**

- Evaluate the safety of your home and more

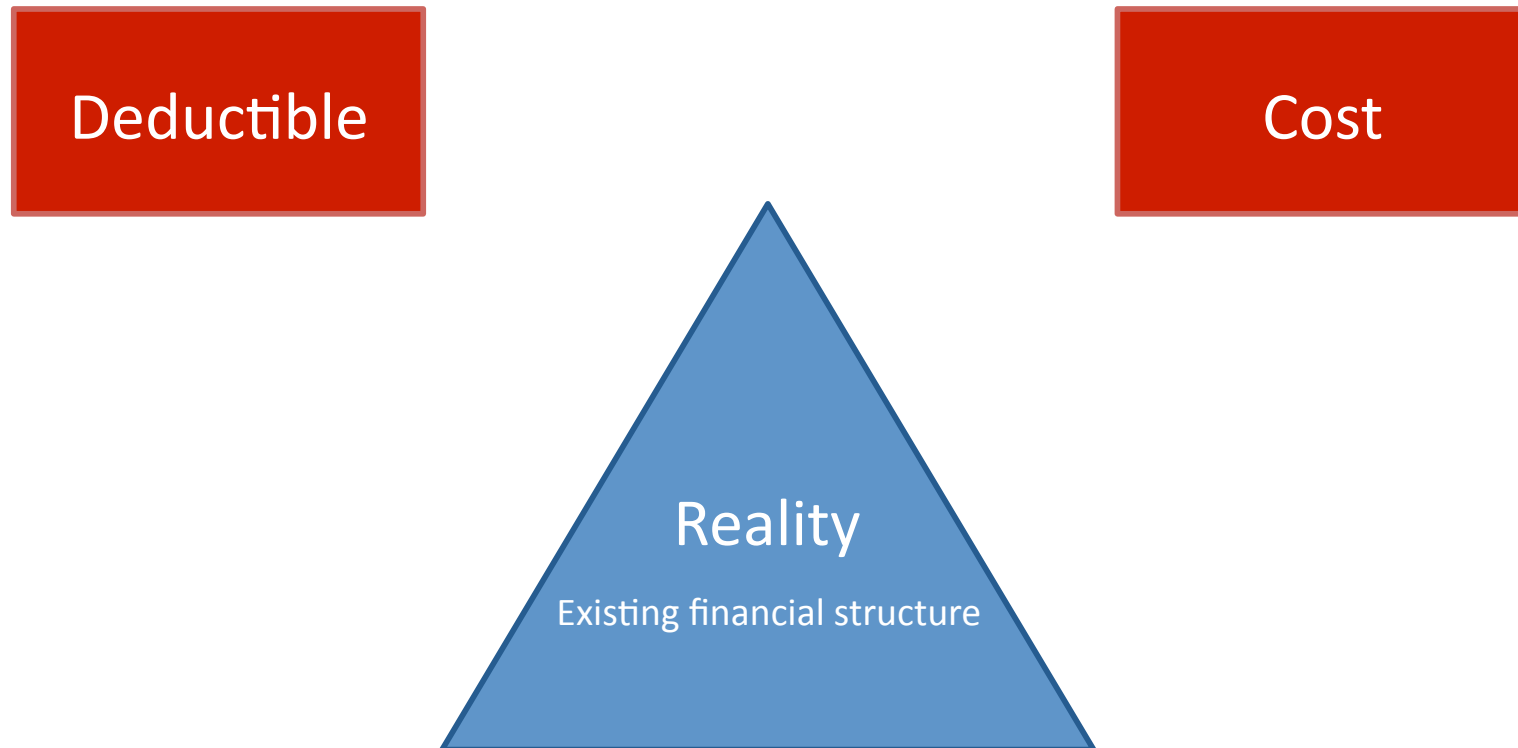
## **7. Safeguard Finances:**

- *Buy insurance and have cash on hand and more*

**Buy  
Insurance**



# *BARRIERS TO PURCHASE*



# QUESTIONS?