



**PALOMAR**  
S P E C I A L T Y

# **The Resilient America Roundtable**

**July 10, 2015**



# Panel Discussion 2: New Ways Forward for Earthquake Insurance and Resilience





# Palomar Specialty Insurance Company

- ◆ Admitted catastrophe insurance company with a focus on earthquake-exposed insurance products
- ◆ Write commercial and personal lines of business in 17 states, including California, Oregon and Washington
- ◆ Source business through retail agents, wholesale brokers, partner carriers and managing general agencies
- ◆ A.M. Best Rating: A- (Excellent)



# Affordability and Penetration of Earthquake Insurance

- ◆ Approximately 10% of California homes are protected with earthquake insurance; reportedly 7% nationwide\*
- ◆ Why has the overwhelming majority historically declined coverage?
  - Availability
  - Noncompulsory
  - Affordability
  - Coverage Terms
  - Uncertainty

Many of these points spur unconventional consumer decisions

\* Insurance Information Institute 2014 survey



# Innovation in Insurance for Earthquake Risk

- ◆ Recent technological advancements have stimulated innovation in the earthquake insurance market
- Catastrophe modeling
  - Standard currency of measuring risk
  - Facilitates the consumption of engineering and scientific discovery
  - Opens new markets and inspires product development
  - Provides unprecedented sophistication in aggregate management
- Technology-driven distribution systems
- Post-event responsiveness
- ◆ The pace of innovation will undoubtedly accelerate following the next sizable domestic earthquake