



**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