

The Acorn

Serving Agoura Hills, Calabasas, Hidden Hills, Oak Park, North Ranch and Westlake Village

Volume 26, Number 35 | 37,000 Circulation | September 2, 1999

Insurance Boost Has Residents Quaking

By Janet Winikoff
Acorn Staff Writer

When Calabasas resident Ellen Pangarliotis opened a bill from her insurance company recently, she was in for a shock. After perusing her homeowners' insurance premium, "I noticed that our California Earthquake Authority (CEA) portion had gone up 40 percent," she said.

The following is a list by zip code of the most recent changes in the cost of earthquake insurance per thousand dollars of coverage:

- *91301 (Agoura Hills)..... $1.82 / $2.76*
- *91302 (Calabasas)..... $1.82 / $2.76*
- *91359 (Thousand Oaks)..... $4.24 /4.98*
- *91360 (Thousand Oaks)..... $1.82 /$2.76*
- *91361 (Westlake Village)..... $1.82 / $2.76*
- *91362 (Thousand Oaks)..... $1.82 / $2.76*

Created in 1996, the CEA was established to address the financial impact of earthquakes upon California homeowners. The CEA is a privately financed, publicly managed agency that provides earthquake insurance to homeowners, mobile home owners, condominium owners and apartment dwellers.

According to the California Department of Insurance's (CDI) website, the fund was created in response to fears from both insurers and homeowners.

"Following the Northridge earthquake, insurers began withdrawing from the earthquake insurance market, fearing that incurring more earthquake risk would destroy their financial base and ability to operate." The CEA is not affiliated, however, with the CDI.

Pangarliotis, whose insurance carrier is a CEA affiliate, contacted the organization to find out why rates had increased. According to Pangarliotis, she was informed that state geologists had concluded from soil samples that there was a slightly greater risk to homes in the 91301 and 91302 zip codes, which fall

please turn to page 2



Janet Winikoff/The Acorn

BEHIND SCHEDULE: A bus accident near the intersection of Thousand Oaks Boulevard and Kanan Road early yesterday morning resulted in the toppling of a cement light pole, causing damage to a nearby vehicle. According to the driver of the Canoga Park-bound MTA bus, he was heading southbound on Thousand Oaks Boulevard when a motorist caused him to swerve and hit the pole. No injuries were reported.

For Whom the (School) Bell Tolls ...

By John Loesing
Acorn Staff Writer



Earthquake Insurance

from page 1

within Calabasas and Agoura Hills city limits.

Pangarliotis was concerned that other homeowners had not received any notification regarding the cost hike. "We didn't receive any warning," she said. According to Pangarliotis, earthquake insurance rates for another Calabasas family had increased by 300%. "Can you imagine opening your paperwork and seeing that your paying 300% more?" she asked.

Pangarliotis also questioned the way the CEA disburses funds which are placed in a general pool. Should an earthquake hit an area assessed as being at low risk, funds collected from all areas of California, including those considered to be at greater risk, are used to pay out claims.

Pangarliotis would like to see the CEA set up funds for individual cities. "If there was a separate account for Calabasas that everyone could draw from, then I would know that my money was going to my city. But if another city has a lesser amount to pay and they're getting my money, then I mind," she said.

CEA spokesperson Mark Leonard believes that Pangarliotis' take on how funds are collected and distributed is faulty. "The whole purpose of insurance is to spread risk. Yes, we have different risks throughout the state, but that's what insurance is," he said.

A recent statement was issued by the CEA explaining how new scientific procedures are being used to determine seismic risk, as well as to explain how insurance rates might have been affected.

"Despite the overall decrease (in rates), some areas did experience rate increases due to the new information. Many condominium and renter policyholders in particular saw rate increases because of the new studies which indicate that multi-story structures are more likely to sustain earthquake damage..." the statement read.

Unless additional coverage is requested, Leonard indicated that the rate for most homeowners in Calabasas and Agoura Hills is on a par with the statewide average annual premium of $514. "Riverside and Imperial counties pay $5.25 per thousand (dollars) and that's the highest in the state. Those two zip codes (Calabasas and Agoura Hills) are only half of our highest rates," Leonard said, adding that he suspects that some homeowners with dramatically increased rates may have been experiencing a hike as the result of taking out added coverage.

"On a statewide basis, the rates have gone down," said Leonard. While he acknowledges that some premiums have increased, he also indicated that the increases were capped at $1 per thousand dollars coverage. "So if someone was paying $2 per thousand, they wouldn't pay more than $3 now," he said.

According to Leonard, approximately 17% of California homeowners carry insurance. "Right after an earthquake there's a huge spike in sales, but the average Californian holds onto their earthquake insurance for two years," he said.

CEA staff defend the program as being one of the best safety nets for homeowners, pointing to the Authority's current $7.2 billion in collected funds. "That means that we could cover two Northridge earthquakes back to back," said another CEA representative.

CEA's Leonard concurs, pointing out that most of the funds collected from homeowners go directly into the payment of claims.

"The insurance agents receive a 10% commission, the company gets 2.8% for processing the policy, and the CEA receives 3% for administrative expenses. Literally, 84% roughly is going to claims paying. We don't have dividends and share holders ... so a much higher percentage is going to the payment of claims."

While Leonard differs with Pangarliotis on how the CEA's funds should be disbursed, he does agree that homeowners should have been notified of any rate changes. "Frankly, that's something that we're working on (rate change notification). This whole situation was handled quite badly," he said, adding that in the future the CEA will be implementing changes to "make sure the consumer is notified whether there's a rate increase or decrease."

Calabasas Recalls Northridge Earthquake

Are you Looking For
HOPE?



Living Hope
Is Coming Soon
(805) 373-1182

NORTH VALLEY GLASS TINTING
3M
Specializing in Residential/Commercial Only Since 1978
• Sun Control All Season Window Film
• Reduces Heat, Glare & Fading
• Professional 3M Installers
Lifetime 3M Warranty
Locally Owned & Operated
TOLL FREE 888-474-TINT