

Date: February 20, 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 with you all today.

The State Resilience Officer (SRO) position was created in 2015 with HB 2270 and I was confirmed by the full senate on May 25, 2016.

The National Academy of Sciences in 2012 described resiliency as *“ability to prepare and plan for, absorb, recover from or more successfully adapt to actual or potential adverse events.”*

Oregon’s event is the Cascadia Subduction Zone and the last complete rupture was January 1700, 317-years ago.

In February 2013, the Oregon Seismic and Safety Policy Advisory Commission (OSSPAC) presented to the 77th Legislative Assembly the Oregon Resilience Plan (ORP) as directed based on House Resolution 3, adopted in April 2011. OSSPAC offered the following definition of the seismic resilience goal:

“Oregon citizens will not only be protected from life-threatening physical harm, but because of the risk reduction measures and pre-disaster planning, communities will recover more quickly and with less continuing vulnerability following a Cascadia subduction zone earthquake and tsunami.”

The ORP focuses on providing legislators with information and data so that you can make critical investments, starting with the 2013 session and continuing over the next several biennium’s, to build up the resiliency of the state’s infrastructure. The early investments that have started are the building blocks for future investments, but make no mistake we still have a long road to get there.

A major earthquake would seriously damage the property of thousands of homeowners in Oregon. A 1999, study done by the Department of Geology and Mineral Industries estimated over 80,000 homes would be damaged or destroyed. In the 2011 Great East Japan Earthquake (GEJE) there were over 400,000 homes damaged or destroyed. Recovery from a major earthquake will be even more costly since only 20% of homes in Oregon have earthquake insurance and currently there is no residential seismic retrofitting program in our state.

One possible investment is with SB 109 – Oregon’s Earthquake Insurance Task Force bill. Following the model used by the California Earthquake Authority (CEA), SB 109, if passed, will bring together industry leaders, state agencies, and the public to determine best practices as possible legislation for Oregon.

SB 109 has three primary focus areas:

- 1) All insurance companies doing business in Oregon to 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 home owner that make seismic rehabilitation investments to their homes can 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.