

**MEMORANDUM OF UNDERSTANDING BETWEEN DEPARTMENT OF  
INSURANCE AND SEISMIC SAFETY COMMISSION**

**This Memorandum of Understanding (“MOU”) continues the cooperative effort between the California Department of Insurance and the California Seismic Safety Commission that each organization under this memorandum deems appropriate and applicable.**

**Article 1 – Background**

The California Department of Insurance (“CDI”) is responsible for California’s multi-billion dollar insurance market, the fourth largest insurance market in the world. Among its many responsibilities, CDI regulates the activities of homeowner and commercial insurance products which are intended to protect the public and businesses from losses, including those resulting from destructive earthquakes. CDI is committed to ensuring that earthquake insurance coverage is both affordable and available to all Californians.

The Alfred E. Alquist Seismic Safety Commission (“SSC”) investigates earthquakes, researches earthquake-related issues and reports and recommends policies and programs needed to reduce earthquake risk. Among other duties, the SSC manages an earthquake hazard reduction program, reviews state-funded seismic activities, provides earthquake-related policy direction, proposes and reviews earthquake-related legislation, conducts public hearings on seismic safety issues, recommends earthquake safety programs, and investigates and evaluates earthquake damage.

**Article 2 – Purpose**

This MOU between the CDI and the SSC (collectively, the “Parties”) continues the cooperative effort that will help the Parties better understand earthquake risk in California.

**Article 3 – Responsibilities**

**Both Parties will:**

- Provide advice and assistance where applicable, appropriate, and complementary to each other’s goals and abilities
- Hold a minimum of one meeting every six months

**Seismic Safety Commission will:**

- Assist the evaluation of earthquake models by providing technical expertise, when available and applicable, including potential alternatives to the currently dominant computer models
- Support the review and selection of expert technical consultants where appropriate

**Department of Insurance will:**

- Provide expertise on insurance as appropriate
- Work with insurance carriers and organizations admitted in the California market to provide insurance industry viewpoints regarding earthquake risk in California

#### **Article 4 – Points of Contact**

For SSC:  
Richard J. McCarthy (or designee)  
Executive Director  
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Sacramento, CA 95833  
Telephone: 916-263-5506

For CDI:  
Alec Stone  
Staff Counsel  
300 Capitol Mall, 17<sup>th</sup> Fl.  
Sacramento, CA 95814  
Telephone: 916-492-3567

#### **Article 5 – Noninterference**

Nothing in this MOU precludes SSC or CDI from pursuing other earthquake and/or insurance related business or activities.

#### **Article 6 – Expenses**

Unless otherwise agreed, each Party is responsible for its own expenses related to this MOU. There will be no exchange of funds between the Parties for tasks or responsibilities associated with this MOU.

#### **Article 7 – Period of Performance and Termination**

The term of this MOU shall be two years from the date of the last signature on this MOU. Any Party may terminate the MOU at any time and for any reason.

#### **Article 8 – Amendments**

This MOU may be amended at any time by written agreement between the Parties.

#### **Article 8 – Assignment**

Neither this MOU nor any interest arising under it shall be assigned by SSC or CDI without the express consent of each Party.

#### **Article 9 – Authorizations**

On behalf of the organization I represent, I sign this Memorandum of Understanding continuing the cooperation between the California Department of Insurance and the California Seismic Safety Commission.

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**Dave Jones, Insurance Commissioner**  
**California Department of Insurance**

**Date:**\_\_\_\_\_

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**Richard J. McCarthy, Executive Director**  
**California Seismic Safety Commission**

**Date:**\_\_\_\_\_