

# California Earthquake Underwriting Zones

California is divided into eight earthquake zones. In addition to being used for rate making purposes, the zones are used by insurers and reinsurers to track their aggregate liabilities. Most cap their aggregate PMLs on a per zone basis. Zone A (San Francisco Bay Area) and Zone B (Los Angeles and Orange Counties) are the most seismic, and have the highest concentration of property values. They are known as the "critical zones". These zones are thus broken up in to subzones, A1, A2 and A3, and B1, B2 and B3. Given today's market conditions, many carriers have moratoriums on writing new business in Zones A and B.

