

Interactive comment on “California earthquake insurance unpopularity: the issue is the price, not the risk perception” by Adrien Pothon et al.

Anonymous Referee #2

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The authors present a very concise and timely study on the willingness to underwrite earthquake risk insurance, taking California as an example. In general, the article is well-written, the methods are very clear and the results provide insightful information on risk perception and economic behaviour. The overall topic is within the scope of the target journal.

I only have three small comments:

The authors state in their introduction that “...even if seismic risk is not taken into account into real estate value assessment (Porter et al. 2004), a difference between the value of a property and its replacement cost after an earthquake can bring negotiations on the claim amounts, and therefore have an impact on the insurance demand (Garratt and Marshall 2003).” It would be interesting to add here some explanatory sentences

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since this seems to be exceptional in comparison to other natural hazard insurances, such as e.g. discussed by Holub and Fuchs (2009) for European mountain regions or some other works with respect to the situation in Switzerland (Röthlisberger et al.'s works) France and England. In the latter studies, it is the philosophy of the insurer to provide reconstruction values and not market prices as a basis for calculation of premiums in order to avoid taking into account too high market value fluctuations in some areas. This can also be valid for some of the expensive villages in California, and may have an influence on the results.

Second, information such as “data volume before the 90s” should be changed to “. . .1990s” to clearly state the reference (year, decade).

Third, the paper would heavily benefit from a bit more explanation on the equations used – information could be presented in an Appendix.

Please note, that the indicated references is for illustration purpose only, this does not mean that authors should include the item in a revised version.

References mentioned:

Holub, M., and Fuchs, S.: Mitigating mountain hazards in Austria – Legislation, risk transfer, and awareness building, *Natural Hazards and Earth System Sciences*, 9, 523-537, <https://doi.org/10.5194/nhess-9-523-2009>, 2009.

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Röthlisberger, V., Zischg, A., and Keiler, M.: A comparison of building value models for flood risk analysis, *Natural Hazards and Earth System Sciences*, 18, 2431-2453, <https://doi.org/10.5194/nhess-18-2431-2018>, 2018.

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