



**SAUNDERS**  
COMMERCIAL SEISMIC RETROFIT  
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## Example #1 of a “real life” ROI

Building characteristics: Concrete tilt-up, built in 1972, with 20,000 square feet (5,000 sq ft office space), and a typical panelized roof system.

Insurance Quote **before** Seismic Retrofit – Annual Premium                   \$43,639.00  
(15% deductible & stop-loss at 1,500,000-maximum payable under policy)

Insurance Quote **after** Seismic Retrofit – Two Options

- Option 1 – 5% deductible – Annual Premium                                   \$25,500.00
- Option 2 – 15% deductible – Annual Premium                                   \$11,975.00  
(no stop-loss)

As you can see, the cost of insurance after the seismic retrofit is significantly lower. Assuming the seismic retrofit costs approximately \$65K to complete (including engineering, construction, and deputy inspection fees), the following ROI (return on investment) would apply:

### Option 1

You would save \$18,139.00 per year on your cost for insurance (\$43,639.00 minus \$25,500.00). With this savings, you would recover your investment in 3.58 years, which does not account for any increases in insurance rates each year that could make your savings per year higher.

### Option 2

You would save \$31,664.00 per year on your cost for insurance (\$43,639.00 minus \$11,975.00). With this savings, you would recover your investment in 2.05 years, which does not account for any increases in insurance rates each year that could make your savings per year higher.

### Other Benefits of Performing the Seismic Retrofit:

- Increased Equity in the Building
- Lowered PML (Probable Maximum Loss)
- Reduced loss of life, in the event of an earthquake
- Reduced loss of business productivity, protecting monthly income from property
- Reduced litigation from employees