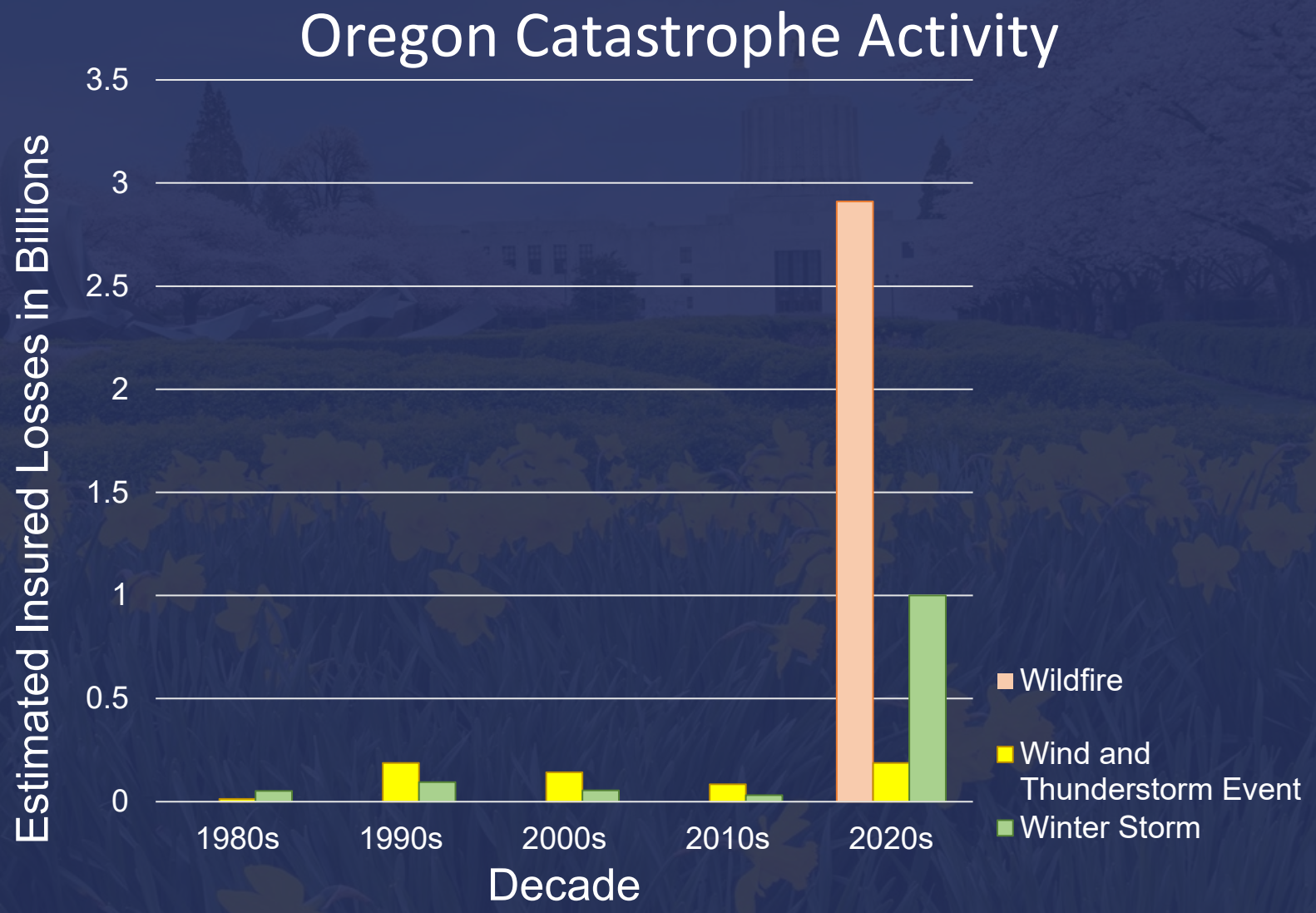
Wildfires & Homeowners Insurance

Andrew Stolfi, director/insurance commissioner
TK Keen, DFR administrator
May 22, 2025

DCBS | Department of Consumer and Business Services

Increased wildfire risk



Meeting the Moment: Wildfire Risk, Resilience and Insurance

Oregon Senate Natural Resources & Wildfire Committee
May 22, 2025

NW Insurance Council

Today's presentation from NW Insurance Council

- What happened - and is happening - in the national and Oregon property insurance markets?
  - Why are homeowners losing coverage and/or paying so much more for insurance?
  - How are insurance companies responding to changes in risk, especially wildfire?
  - What can policymakers in Oregon do to help consumers and stabilize the property insurance market?

Factors affecting **insurance costs**: inflation, claims and repair costs, natural disasters, reinsurance.

Claims costs: construction costs/rebuilding, climate-related disasters

- **Natural disasters** – wildfires, hurricanes, "convective storms" increasingly associated with climate change (hurricanes, wind, rain, hail, tornadoes or wildfires): **$168 billion in 2023, $182 billion in 2024.**
- **Costs for residential construction materials** rose nearly **27 percent** in 2021 – roofing materials alone rose 15 percent. Those costs continue to rise, above the CPI: **14 percent** was the average in 2024.

Reinsurance: "Insurance for Insurance Companies"

- **Reinsurance is "insurance for insurers."** Once an insurer has paid out a certain amount to policyholders for a single catastrophic event, the reinsurer steps in to cover the insurer's claims costs.
- **U.S. property catastrophe reinsurance rate** increases ranged from *20 – 50 percent* in 2023 – the highest average increases in 17 years. The reinsurance market is now stabilizing, with more reinsurers entering/reentering markets, increasing access to coverage and more competitive pricing.

Property insurance premiums were stable for many years, thanks to market growth and competition.

- From 2012-2021, premiums for Homeowners and Renters insurance mostly kept pace with the US inflation rate. (Insurance Information Institute, NAIC data)

Average Premiums for Homeowners and Renters Insurance, 2012-2021

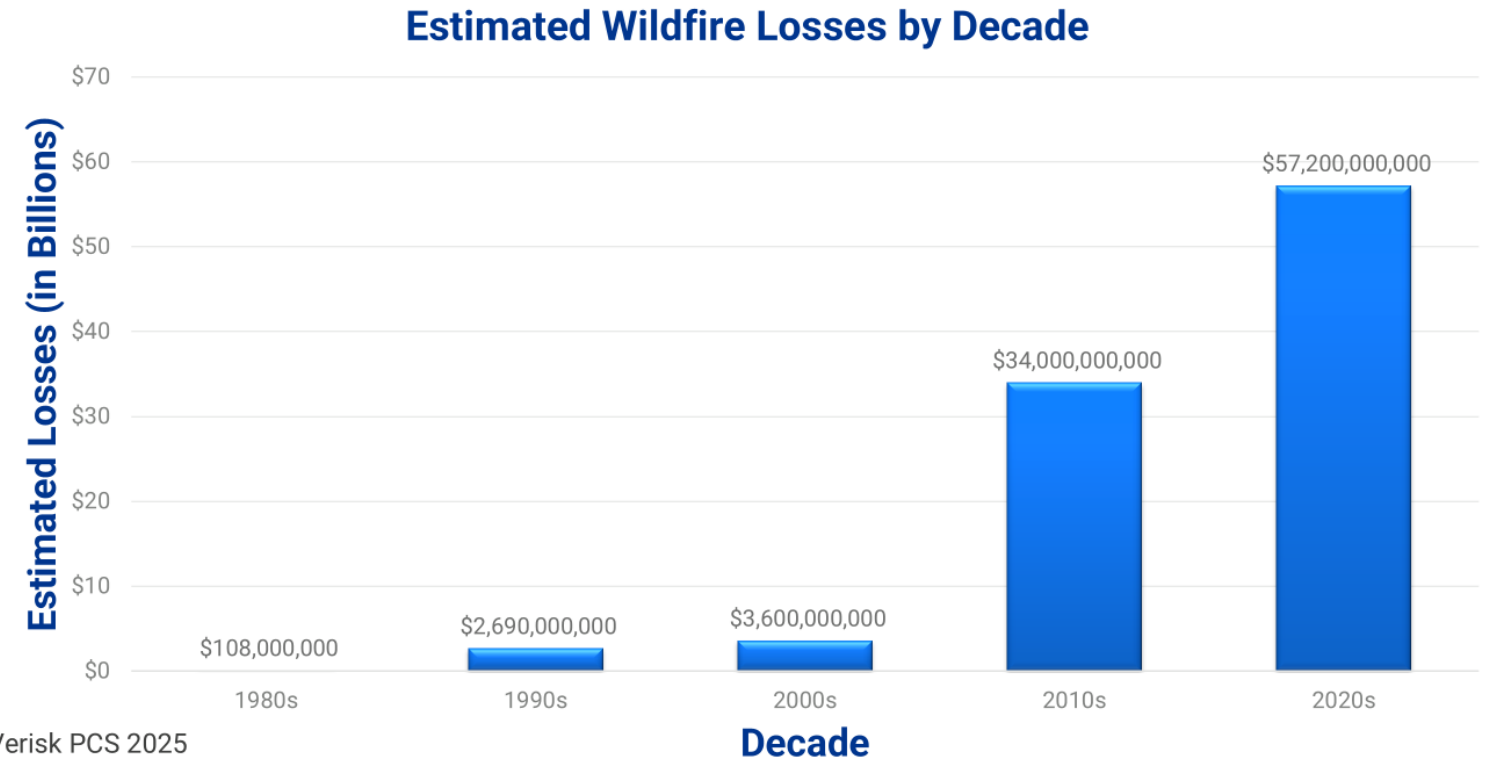
Year	Homeowners (2)	Percent change	Renters (3)	Percent change
2012	1,034	5.6%	187	(4)
2013	1,096	6.0	188	0.5%
2014	1,132	3.3	190	1.1
2015	1,173	3.6	188	-1.1
2016	1,192	1.6	185	-1.6
2017	1,211	1.6	180	-2.7
2018	1,249	3.1	179	-0.6
2019	1,272	1.8	174	-2.8
2020	1,311	3.1	173	-0.6
2021	1,411	7.6	170	-1.7

Source: Insurance Information Institute

Wildfire Risk: from $108m to **$57 billion** (Verisk)

The Wildfire Peril – Insured Losses Increasing

(Loss data is based on currency value at the time of loss and is not adjusted for inflation.)

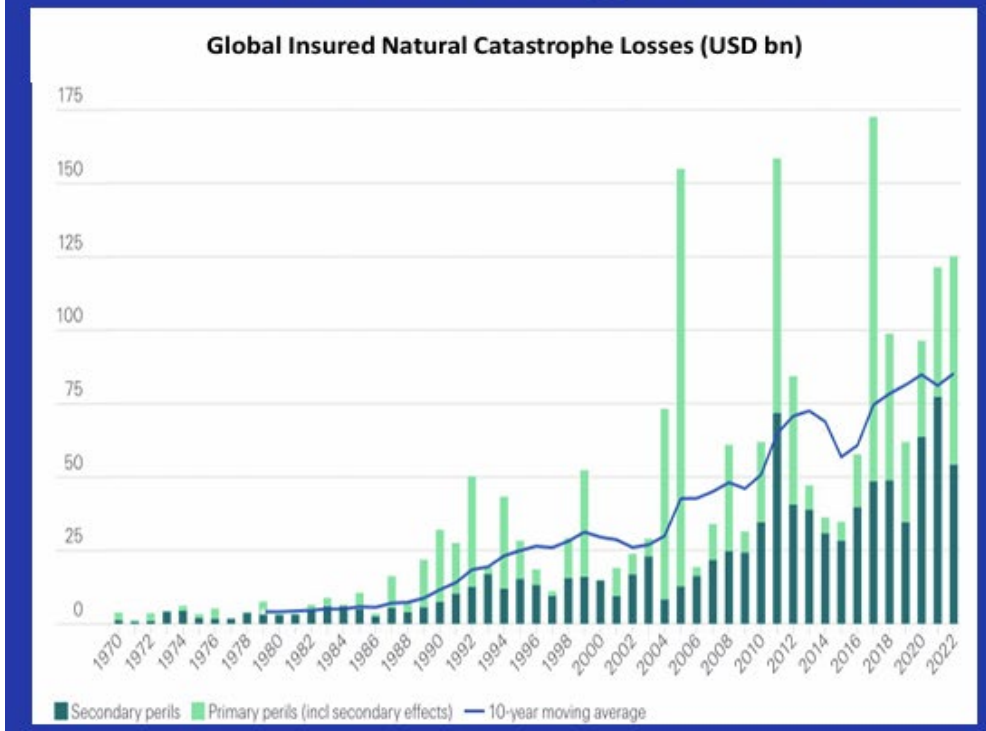


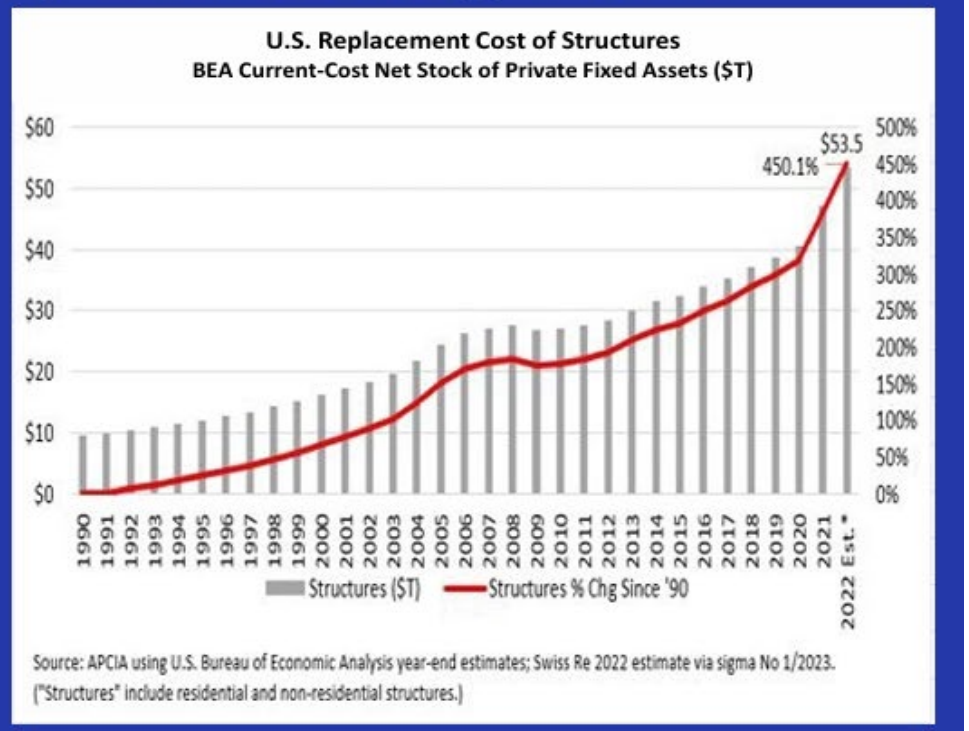
Source: Verisk PCS 2025

At the same time catastrophe losses started increasing, so did rebuilding/replacement costs.

American Property Casualty Insurance Association

Increasing Cat Losses / Rebuilding Costs





Source: APCIA using U.S. Bureau of Economic Analysis year-end estimates; Swiss Re 2022 estimate via sigma No 1/2023.
("Structures" include residential and non-residential structures.)

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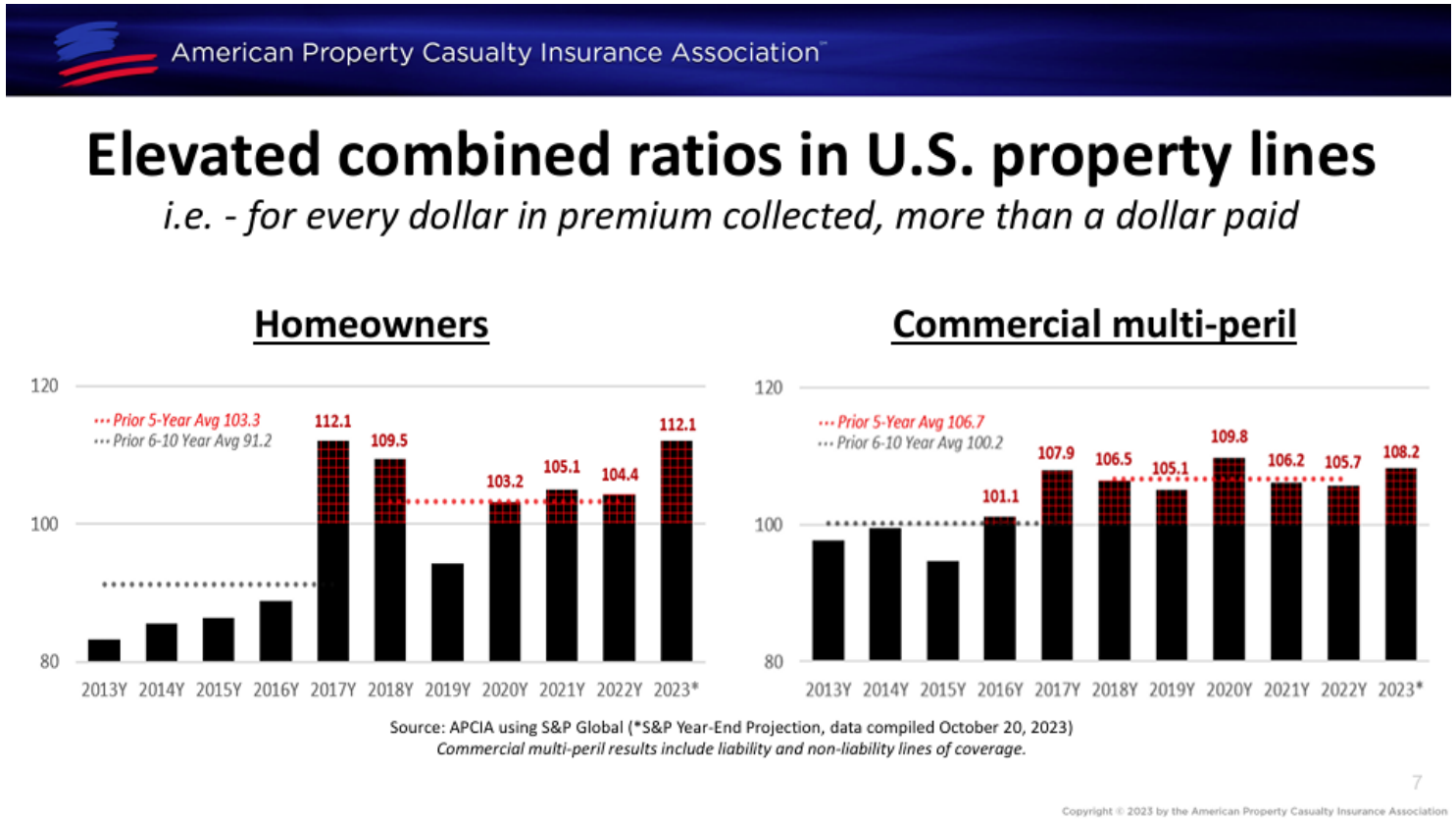
Insurers paid out $1.12 in property claims in the U.S. for every $1 earned in premium in 2023.



The good news: **S&P Global** reports that across the US, Personal Lines P&C industry reported an underwriting **profit** in 2024 – the industry's first **since 2019,** paying out **99.7 cents in claims for every $1** in premium earned. This should ease pressure on **pricing** and begin to ease pressure on **availability**.

Changes are being made to save lives, homes & property, protect consumers and stabilize the insurance market.

Recent Oregon legislation to protect consumers, improve resilience

HB 3272, 2021: Requires insurers to allow at least 2 years for rebuilding and additional living expenses (and up to 3 years in special cases) for losses from wildfires.

HB 2982, 2023: Requires insurers to pay 70% of contents coverage on a total loss claim stemming from a wildfire that is declared a state emergency.

SB 82, 2023: Requires insurers to disclose additional information to policyholders about non-renewals or premium increases that are related to wildfire risk. Bans the use of state-created risk/hazard maps by insurers.

SB 83, SB 85, 2025 (pending): SB 83 repeals the state wildfire hazard map issuance and SB 85 establishes an insurance industry-informed study by DCBS, DSFM and ODOF to make recommendations to the Legislature on insurance market response to parcel-level and community resilience.

"Fire35" recommendations (pending) for wildfire suppression/mitigation funding.

Advancements in wildfire home and community resilience:

IBHS Wildfire Prepared Home

IBHS/Oregon Wildfire Prepared Community Partnership

Advancements in understanding and evaluating wildfire risk:

Wildfire risk scoring to evaluate risk

Catastrophe modeling to improve resilience and insurer confidence.

Meeting the Moment: Public Policy Considerations

Structure resilience; access to information build insurer confidence and improve market stability.

- ✓ Allowing (DFR-approved) catastrophe models and insurer-developed risk models in underwriting and rating for property insurance (with transparency required in SB 82).
- ✓ Improve parcel-level mitigation through education and, when available, grant funding.
- ✓ Encourage the adoption and use of Wildfire Prepared Home standards in new construction and consider ways to spread WPH standards in Oregon's built communities over time.
- ✓ Continue to allow and encourage insurers to offer discounts for insured properties that can demonstrate full compliance with WPH.

Mandates not based on science; artificial rate suppression *destabilize* insurance markets.

- ✓ **First, do no harm**. Oregon has taken a thoughtful approach – such as in OR SB 82, which requires transparency, but does not *mandate* underwriting or rating actions by insurers, helps inform consumers.
- ✓ **Resilience/Mitigation** protects lives and property – and also builds insurer confidence that over time, chances that wildfires become catastrophic-level events are reduced.
- ✓ **Focus on consumer protection & insurance availability first.** Looking to the future, the immediate need is to help Oregon consumers *obtain and retain* property insurance, and allow a stabilized competitive market improve the rating and discount environment.

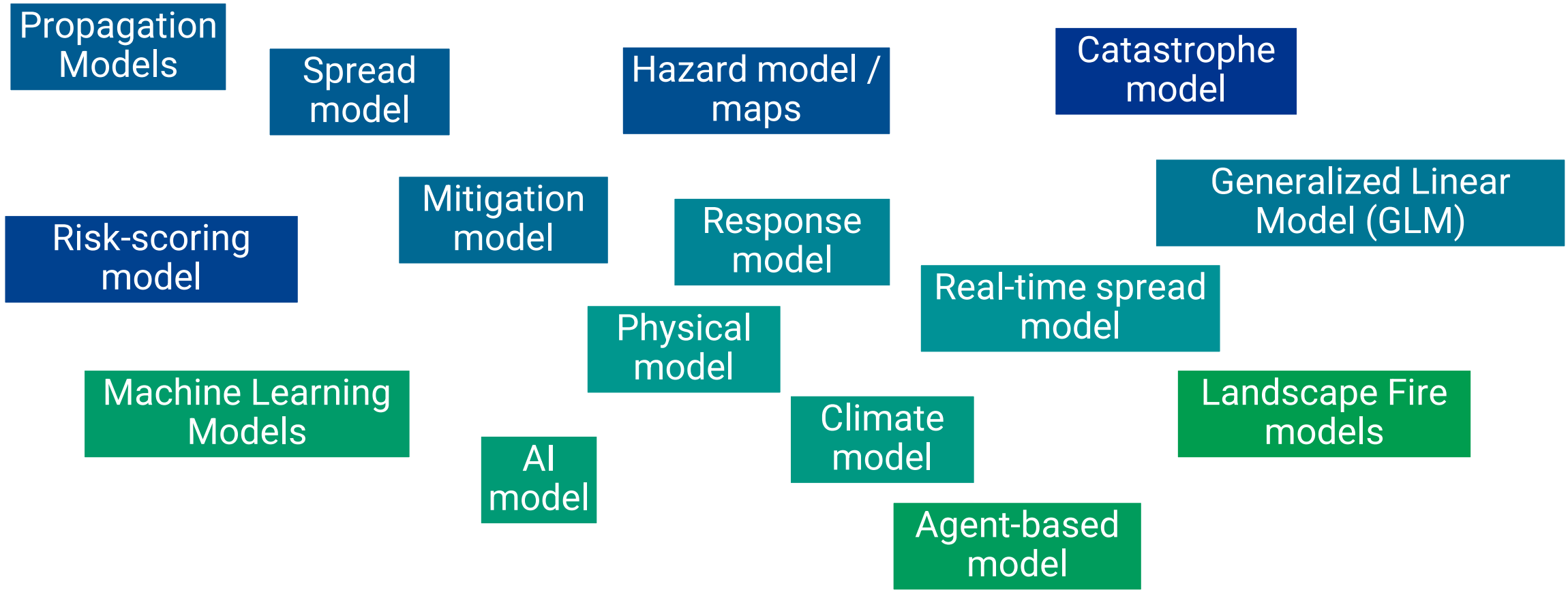
Verisk Wildfire Insurance Solutions

Oregon Senate Natural Resources Committee

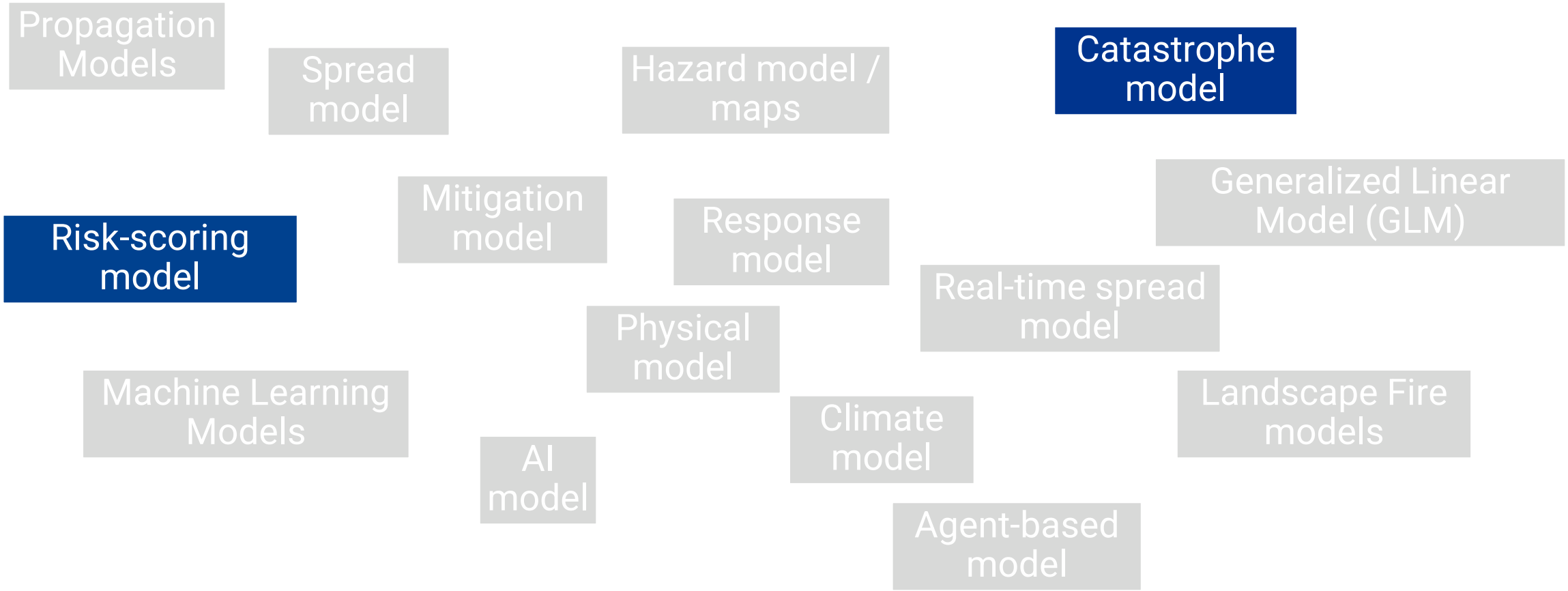
Thursday, May 22, 2025

Kara Cross, Regional VP, Govt Relations
JulieAnna Anastassatos, VP, Wildfire

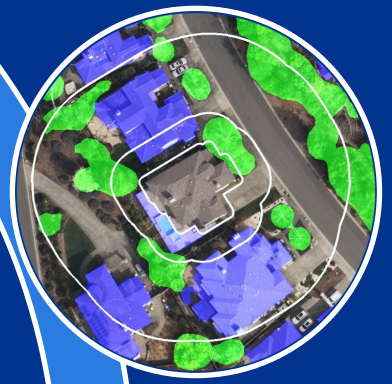
“Model” Could Mean…



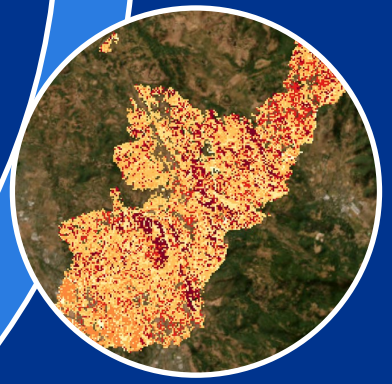
“Model” Could Mean…



Verisk Wildfire Insurance Solutions



FireLine®

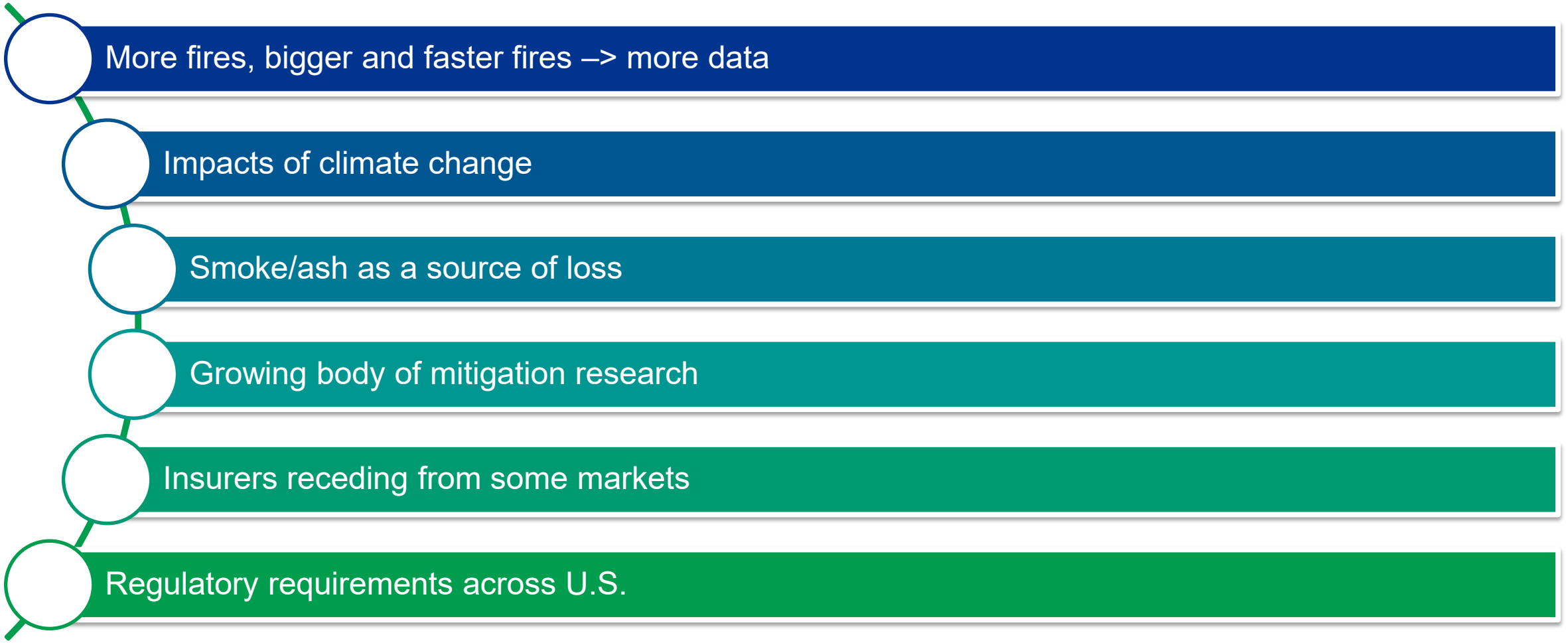


The Verisk Wildfire Model for the United States

Verisk's Staff Is Multidisciplinary

- Geoscientists
- Meteorologists
- Climatologists
- Physicists
- Software Specialists
- Mathematicians
- Statisticians
- Actuaries
- Operations Researchers
- Engineers
- Analysts
- Modelers
- Computer Scientists

Considerations for the Wildfire Peril



What Carriers Consider When Using These Tools

FireLine®

Critical Factors for Evaluating the Wildfire Hazard

Vegetative Fuels

Topography/Slope

Property Road Access

Science and Technology Behind FireLine

Multi-disciplinary experts participated in development and involved in ongoing maintenance/improvements

FireLine Expertise

- Forestry/wildland science – PhD scientists
- Remote Sensing – PhD Scientists
- Computer Science – Masters Degrees
- Insurance – PhD level
- Community fire protection
- State and local authorities – CA Dept. of Forestry

Technology

Remote Sensing

Imagery Analysis

Digital Mapping

Analytics

Vegetation

Topography

Road Networks

Weather/Climate

Collaboration

Insurance Industry

Fire Protection Community

NASA and DoD Research

FireLine Score

0 30

Score & Risk Data

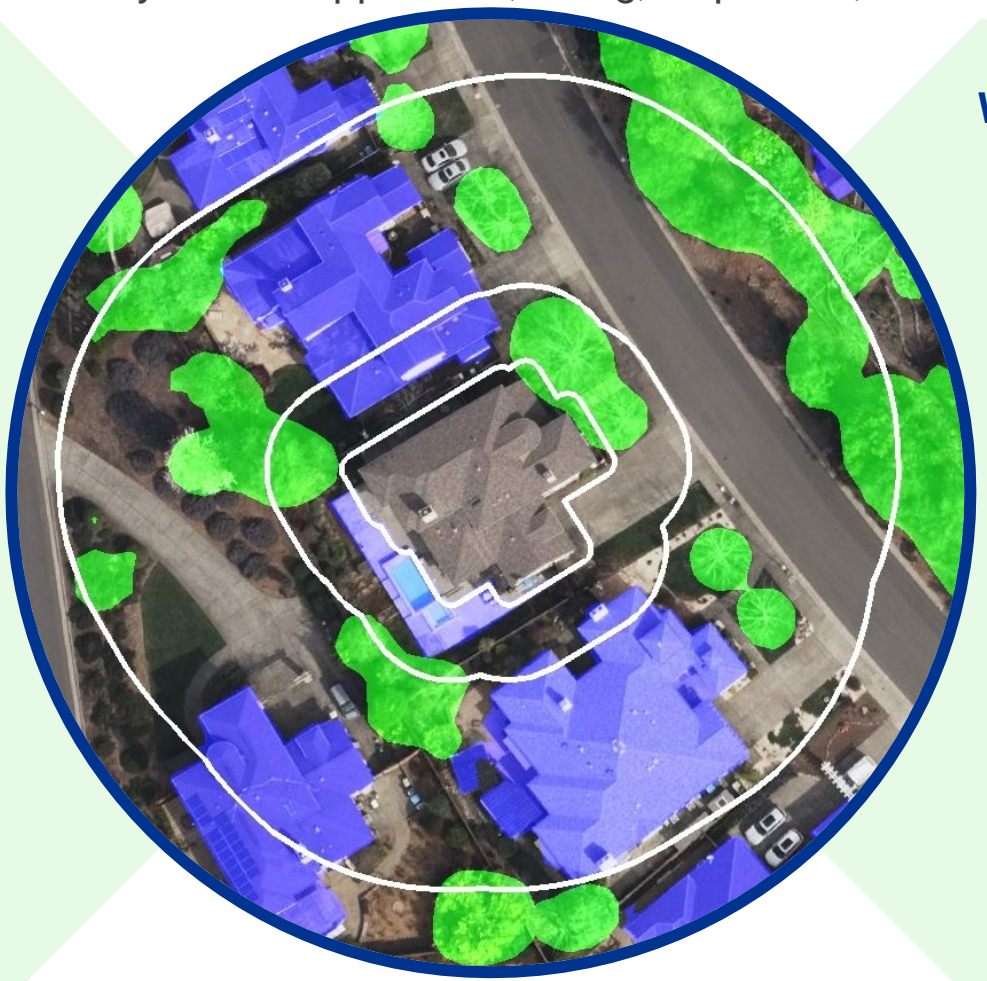
- Heavy Fuels
- Very steep slope
- Very limited road access

FireLine® - Wildfire Hazard & Mitigation Solution

Granular and customizable risk data/analytics to support UW, rating, inspection, marketing & regulatory compliance

FireLine Wildfire Hazard Score

- Wildland vegetation
- Terrain
- Road access
- Wind-borne embers
- Historic wildfire activity
- Weather/ climate



FireLine Wildfire Hazard and Mitigation Score

- Defensible space and vegetation management
- Building exterior and structure hardening
- Community-level mitigation programs (Firewise, Fire risk reduction community, Ready, Set, Go!)

Additional Hazards

- Other property hazards (solar panels, decks)
- Smoke/ash damage and urban conflagration

Mitigation Considerations and Partnerships

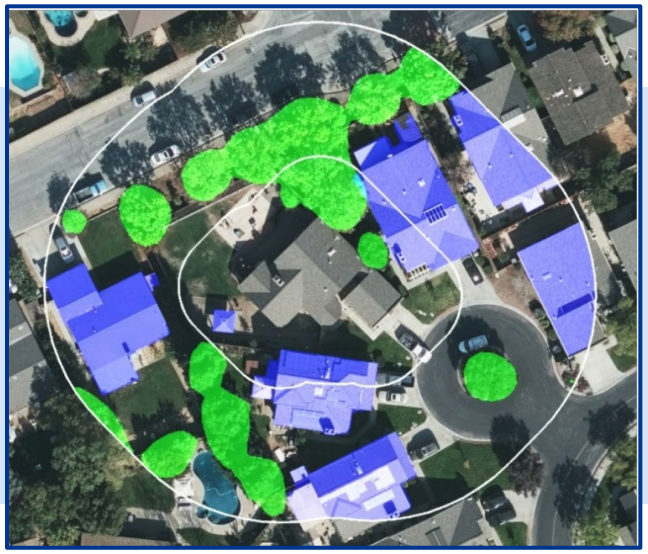
A commitment to wildfire mitigation and resilience

Verisk offers a growing data set of mitigation information for insurers, including those that leverage our relationships with others in the wildfire mitigation community.
These include:

- The International Association of Fire Chief's Ready, Set Go! Program
- The National Fire Prevention Association's Firewise USA Program
- Insurance Institute for Business and Home Safety (IBHS)

Parcel Level Insights

A commitment to wildfire mitigation and resilience



- Detects the location and proximity of trees
- Identifies tree overhang
- Provides parcel tree coverage
- Identifies presence of fire-resistive materials and other fire hazards

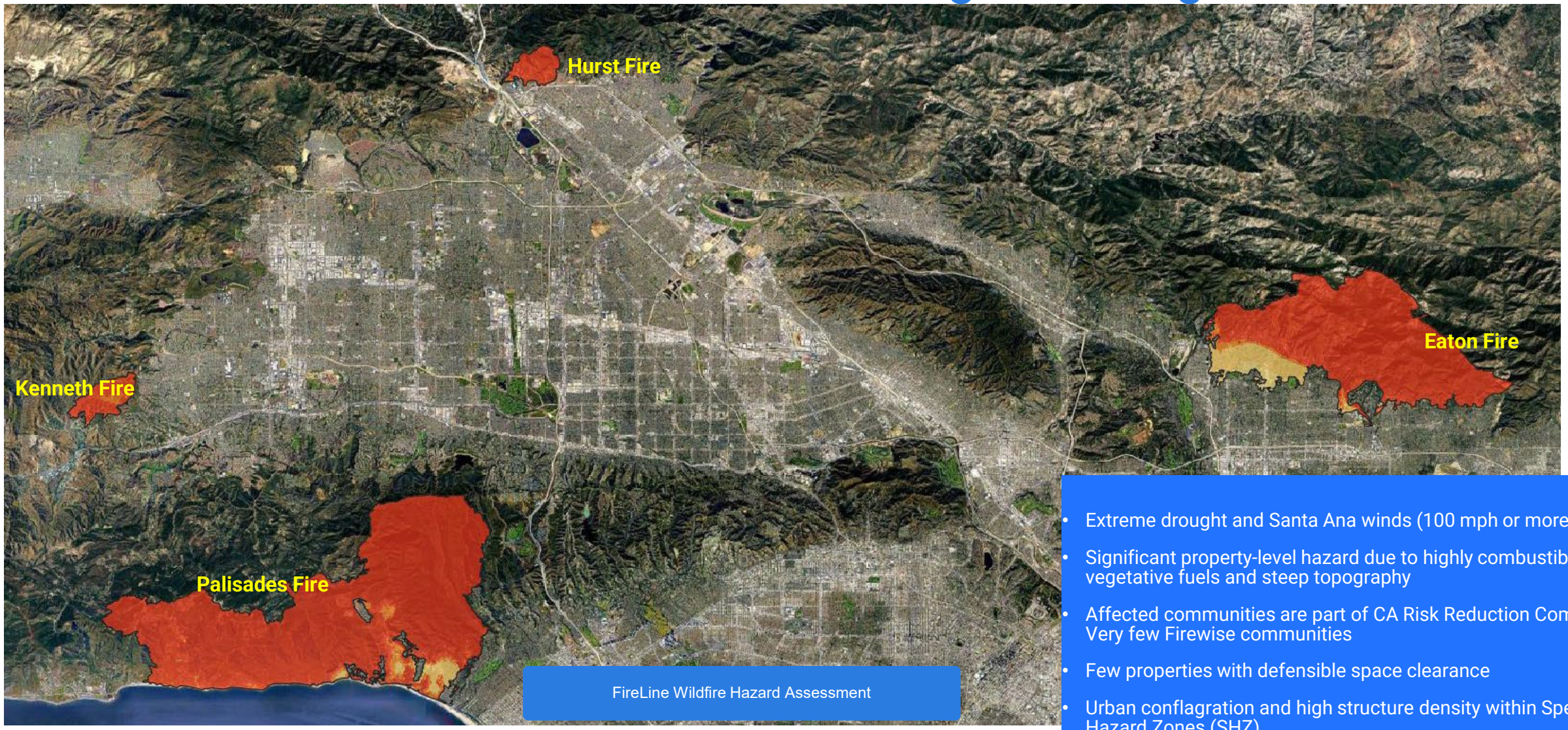
UW/EES Research - LA Wildfire Post-Loss Damage Assessment

Researchers and JulieAnna

UW/EES Research - LA Wildfire Post-Loss Damage Assessment

Fire Department survives across from destroyed buildings

LA Wildfires 2025 – FireLine Risk and Mitigation Insights

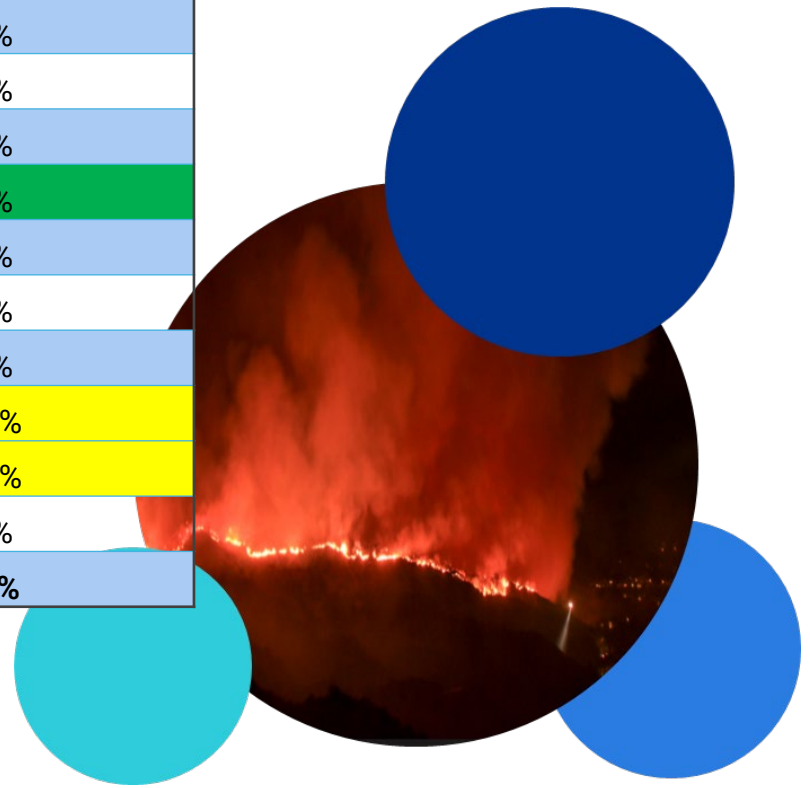


- Extreme drought and Santa Ana winds (100 mph or more)
- Significant property-level hazard due to highly combustible vegetative fuels and steep topography
- Affected communities are part of CA Risk Reduction Community. Very few Firewise communities
- Few properties with defensible space clearance
- Urban conflagration and high structure density within Special Hazard Zones (SHZ)
- Verisk (EES) loss estimates: $28-35 Billion

Wildfire perimeter source: NIFC

Structures in High-Extreme Wildfire Risk Areas

Rank	State	Total Number of Structures	Number of Structures at High/Extreme Risk	% of Structures At High/Extreme Risk
1	CA	22,083,185	1,752,517	7.94%
2	TX	12,130,393	690,844	5.70%
3	TN	3,967,205	1,012,331	25.52%
4	AZ	3,506,212	157,329	4.49%
5	WA	3,063,468	66,888	2.18%
6	CO	2,838,931	280,696	9.89%
7	OK	1,694,740	87,613	5.17%
8	OR	1,578,080	63,481	4.02%
9	UT	1,327,549	81,063	6.11%
10	NV	1,178,616	35,859	3.04%
11	NM	1,088,107	103,374	9.50%
12	ID	800,214	90,960	11.37%
13	MT	653,963	75,727	11.58%
14	WY	358,707	18,555	5.17%
TOTAL		**56,269,370**	**4,517,237**	**AVERAGE: 8.03%**



Source: Verisk FireLine ®, Verisk Wildfire Risk Reports 2024

Thank You

IBHS Research
Wildfire Prepared

Steve Hawks

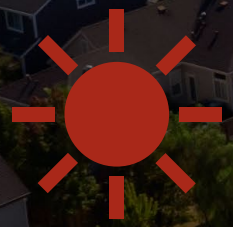
Senior Director for Wildfire

Insurance Institute for Business & Home Safety

WHY?

Severe weather disrupts lives, displaces families, and drives financial loss. IBHS delivers top-tier science and translates it into action so we can prevent avoidable suffering, strengthen our homes and businesses, inform the insurance industry and support thriving communities.

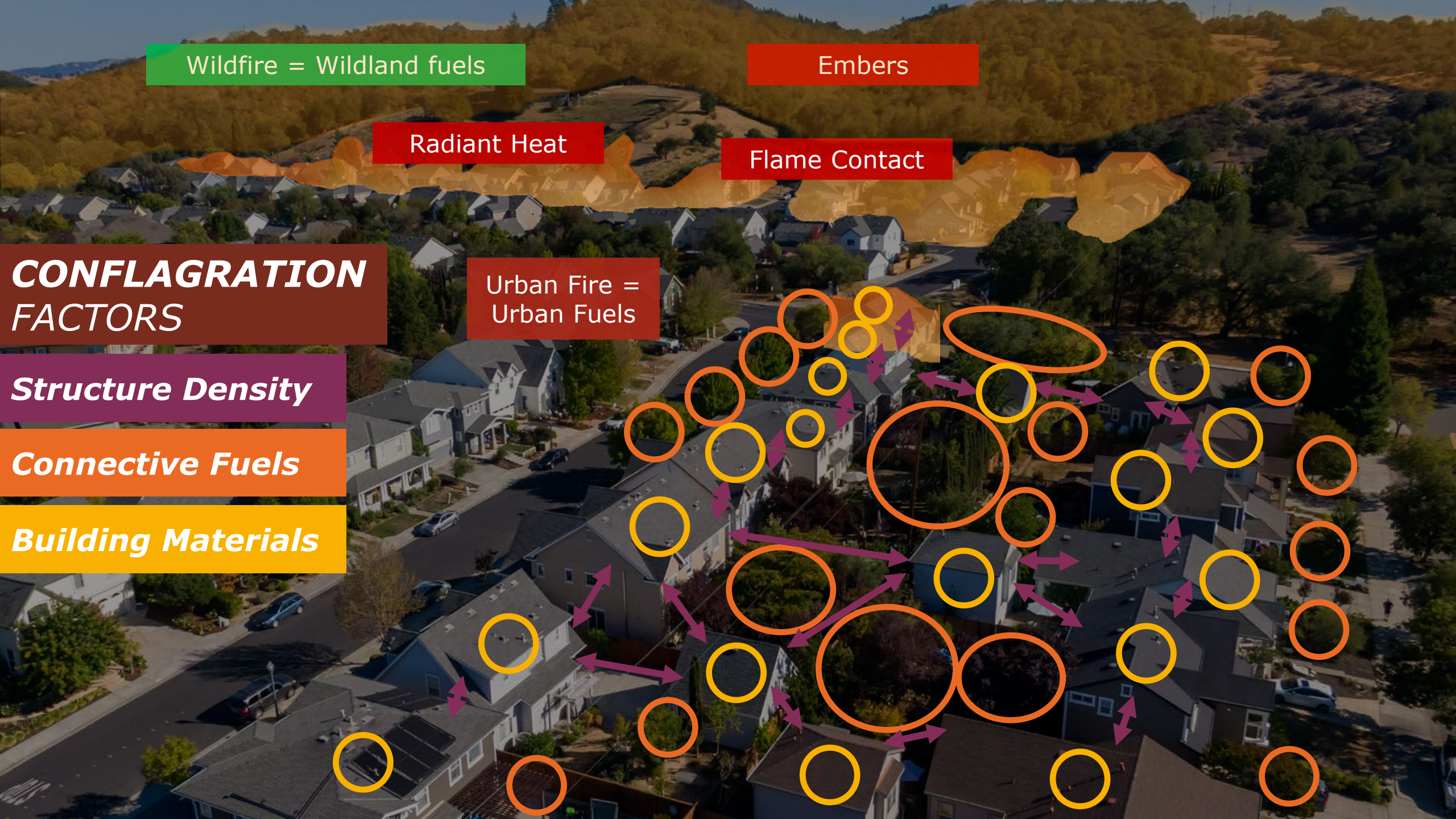
A COLLISION COURSE: URBAN CONFLAGRATION FOLLOW



Drought

Wind

People


Wildfire = Wildland fuels
Embers
Radiant Heat
Flame Contact
CONFLAGRATION
FACTORS
Urban Fire =
Urban Fuels
Structure Density
Connective Fuels
Building Materials

WILDFIRE PREPARED

A PROGRAM OF IBHS

ADDITIONAL MITIGATIONS AGAINST FLAMES

- ✓ Cover gutters.
- ✓ Enclose eaves.
- ✓ Install noncombustible siding.
- ✓ Upgrade windows & doors.
- ✓ Upgrade to a noncombustible deck.
- ✓ Move accessory structures at least 30 feet away.
- ✓ Remove back-to-back fencing.

MITIGATIONS AGAINST EMBERS

ROOF

- ✓ Ensure the roof covering is Class A fire-rated & maintained clear of debris.
- ✓ Choose noncombustible gutters & downspouts.

BUILDING FEATURES

- ✓ Install flame- and ember-resistant vents or 1/8-inch metal mesh vents.
- ✓ Ensure 6-inch vertical noncombustible clearance at base of exterior walls and decks.
- ✓ Clear & maintain the underdeck area; enclose low-elevation decks.

0–5 FOOT NONCOMBUSTIBLE ZONE

- ✓ Establish a **0–5 Foot Noncombustible Zone** around the home and decks; remove overhanging branches; replace combustible fences within 5 feet.

5–30 FOOT DEFENSIBLE SPACE ZONE

- ✓ Maintain yard with spaced vegetation, structures, & other connective fuels; clear debris; remove firewood.
- ✓ Move structures at least 10 feet away & maintain a 0-5 Foot Noncombustible Zone around them.

PARCEL + COMMUNITY

CORE PRINCIPLES

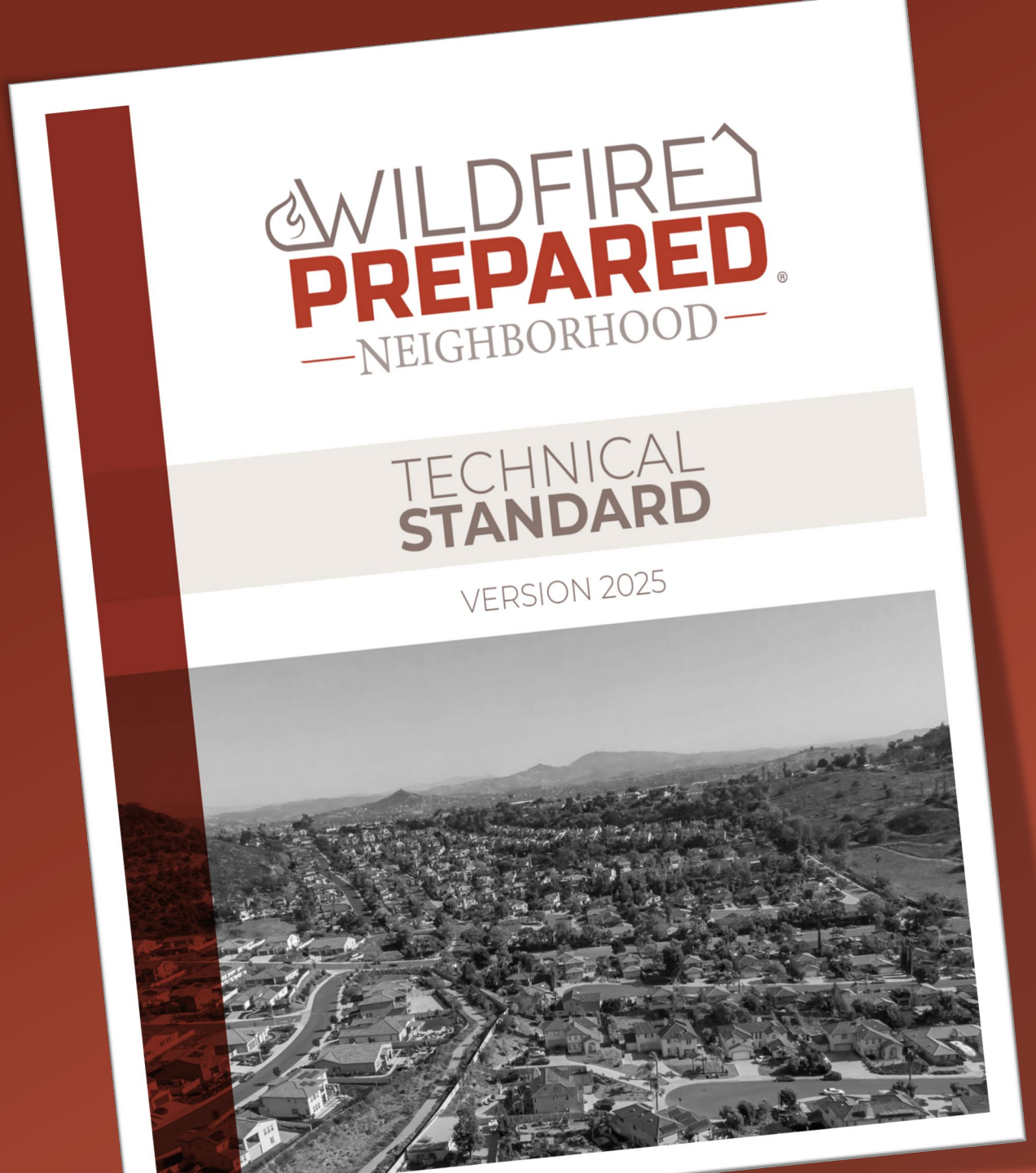
WILDFIRE PREPARED NEIGHBORHOOD

Decrease probability of initial ignitions from direct flame/radiant heat

Allow the neighborhood to act as a fuel break, not a dense fuel source

Protect the neighborhood from ember attack

Slow fire spread within the neighborhood if ignitions do occur



MITIGATION APPROACH

EMBER ATTACK

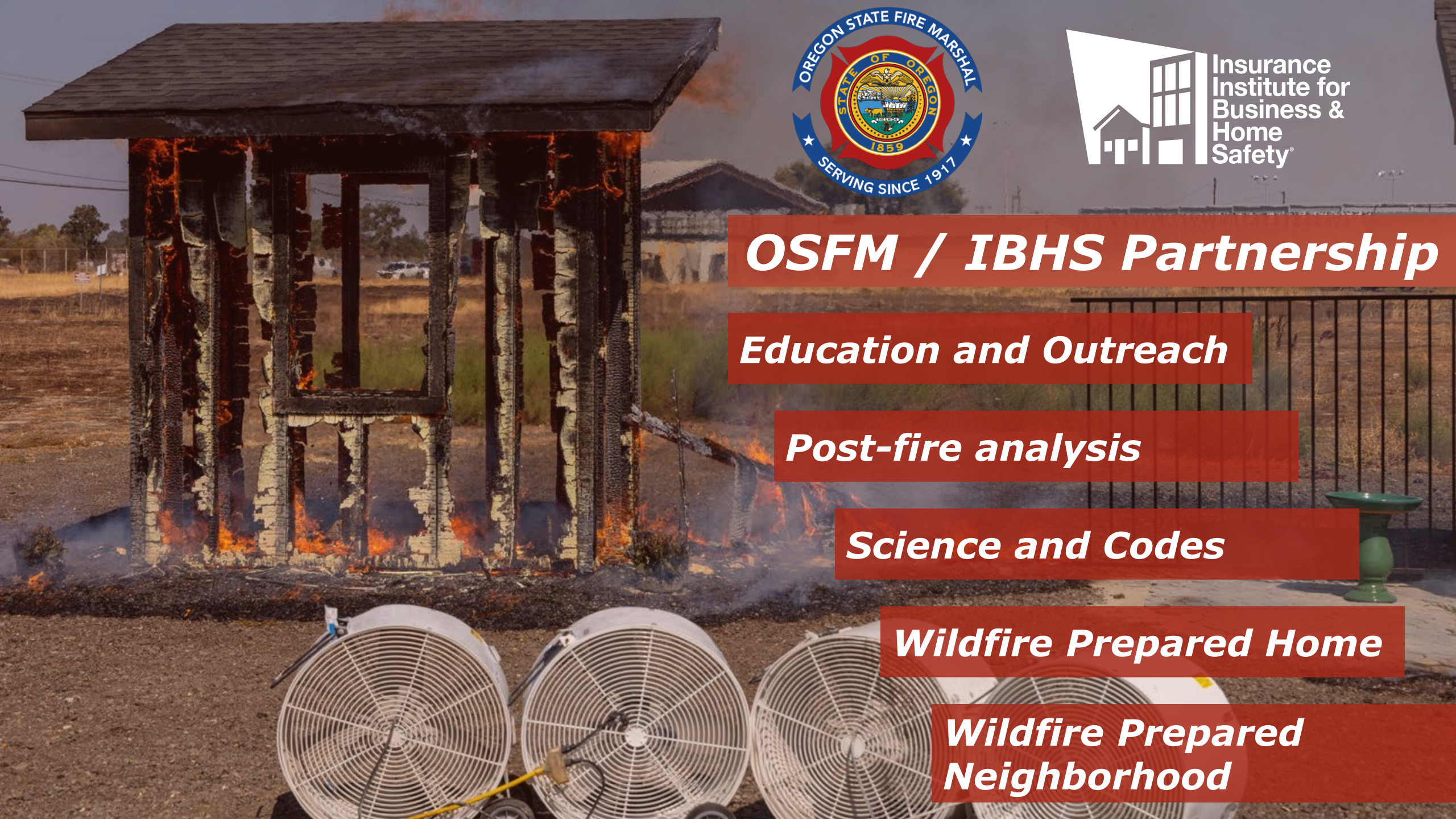
NEIGHBORHOOD EMBER ZONE

Wildfire Prepared Home Base

EMBERS+DIRECT FLAME/RADIANT HEAT

NEIGHBORHOOD FLAME ZONE

Wildfire Prepared Home Plus


OREGON STATE FIRE MARSHAL
STATE OF OREGON
1859
SERVING SINCE 1917
Insurance Institute for Business & Home Safety®
OSFM / IBHS Partnership
Education and Outreach
Post-fire analysis
Science and Codes
Wildfire Prepared Home
Wildfire Prepared Neighborhood