Outlook of California's insurance market

CA State Senate Committee on Insurance Informational Hearing
Sacramento, CA

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March 12, 2025

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How do we understand and effectively reduce wildfire risk?
Excerpt from report adopted by California Department of Forestry and Fire Protection (CAL FIRE)

RISK MODELING ADVISORY WORKGROUP REPORT

The Risk Modeling Advisory Workgroup was formed pursuant to Assembly Bill 642 (Chapter 375, Statutes of 2021) to act in an advisory capacity to the California Department of Forestry and Fire Protection in consultation with the State Fire Marshal and the California Insurance Commissioner on wildfire risk modeling.

Risk Modeling Advisory Workgroup

October 10, 2023

The California Department of Forestry and Fire Protection serves and safeguards the people and protects the property and resources of California.

"Wildfire risk is complex, significant, and changing fast, making risk challenging to measure with precision.

There are many uncoordinated stakeholders in the wildfire space, resulting in significant disconnects between who is exposed to the risk, who understands it, and who is in a position to take action to reduce it."

https://osfm.fire.ca.gov/committees/risk-modeling-advisory-workgroup

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Wildfire risk mitigation – the big picture

What does "solving the problem" look like?

- Improve fire science and research
- Establish standards for
  - parcel level mitigation
  - community level mitigation
  - fire protection
- Establish wildfire open data commons
- Build mitigation visibility into cat models

- Coordinate with public/private landowners
- Identify funding sources
- Implement mitigations
- Improve comprehensive protection capabilities

Measure

Communicate

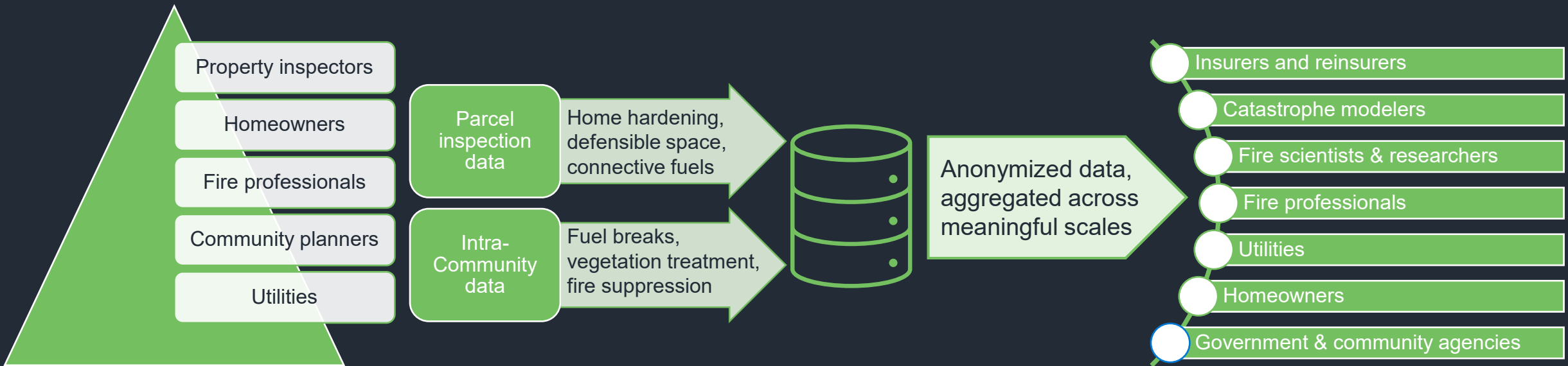Cycle of continuous improvement
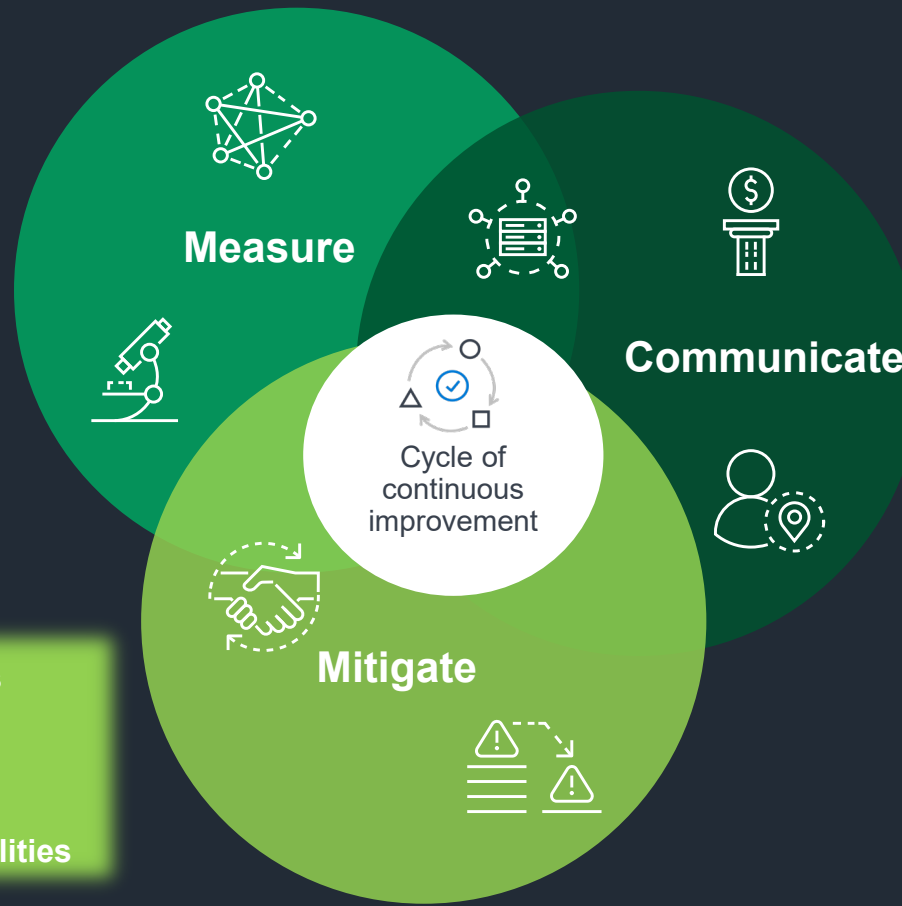
Mitigate

- Send risk signals through insurance pricing and underwriting
- Prioritize high-impact, low-cost mitigations
- Understand barriers to adoption
- Build mitigation visibility into public standards and policies:
  - Fire protection
  - Building codes
  - Land use
  - Maintenance

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What is the WUI Data Commons?

A public/private collaboration to provide controlled access to previously unobtainable wildfire mitigation and suppression data, with the goal of aligning efforts to reduce urban conflagration risk

Property inspectors

Homeowners

Fire professionals

Community planners

Utilities

Parcel inspection data

Home hardening, defensible space, connective fuels

Intra-Community data

Fuel breaks, vegetation treatment, fire suppression

Anonymized data, aggregated across meaningful scales

Insurers and reinsurers

Catastrophe modelers

Fire scientists & researchers

Fire professionals

Utilities

Homeowners

Government & community agencies

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Critical use cases of the WUI Data Commons

Three primary use cases that may generate public/private wins

Communities: Receive/provide data to monitor and prioritize mitigations

IBHS: Receive/provide data to support WF Prepared Home and WF Prepared Neighborhood designations at scale

Cat modelers: Receive data to incorporate mitigation actions into models

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How better data can drive risk reduction and improve insurance outcomes

Enabling data capture across WUI communities via a WUI data commons

Communities

- Collective action
- Risk reduction
- Understanding and control
- Trust
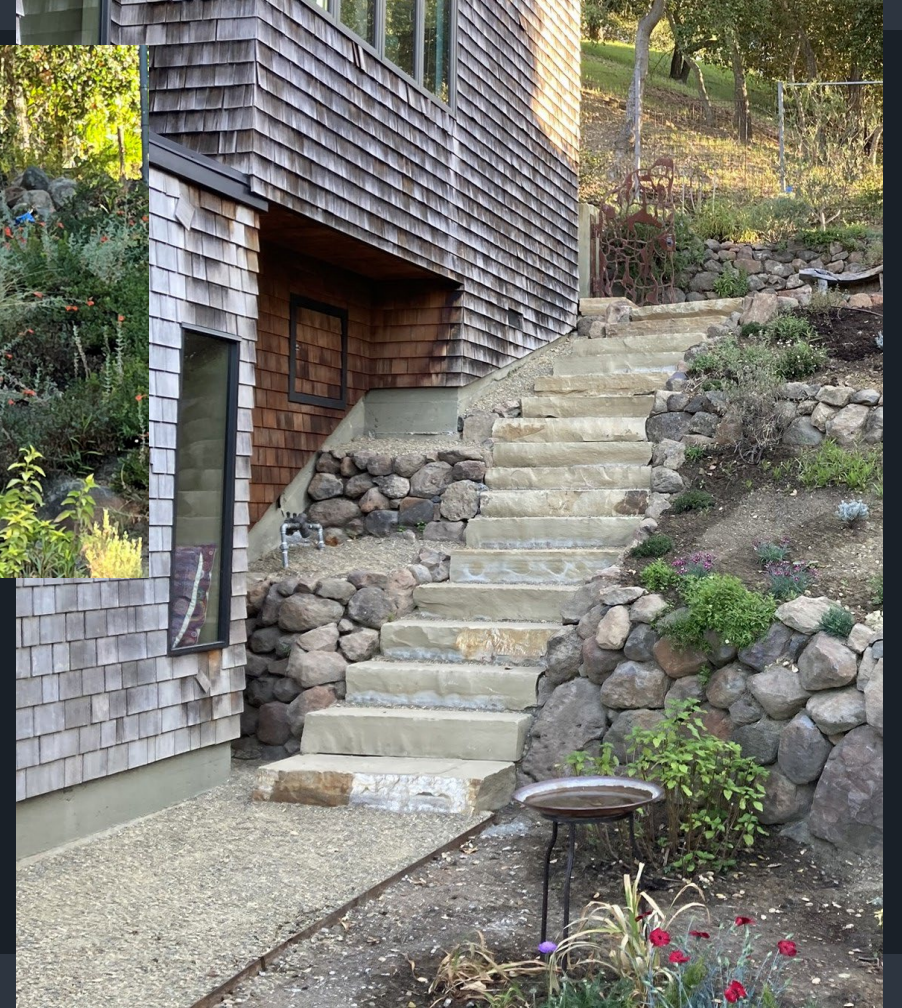- Communication
- Prioritization

Insurers

- Understanding
- Accurate pricing
- Confidence
- Expense reduction
- Affordability
- Transparency

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What can we do to make our homes insurable?

Take individual & collective action, guided by the best available science, to ensure that our community can survive a wildfire

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Thank you

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