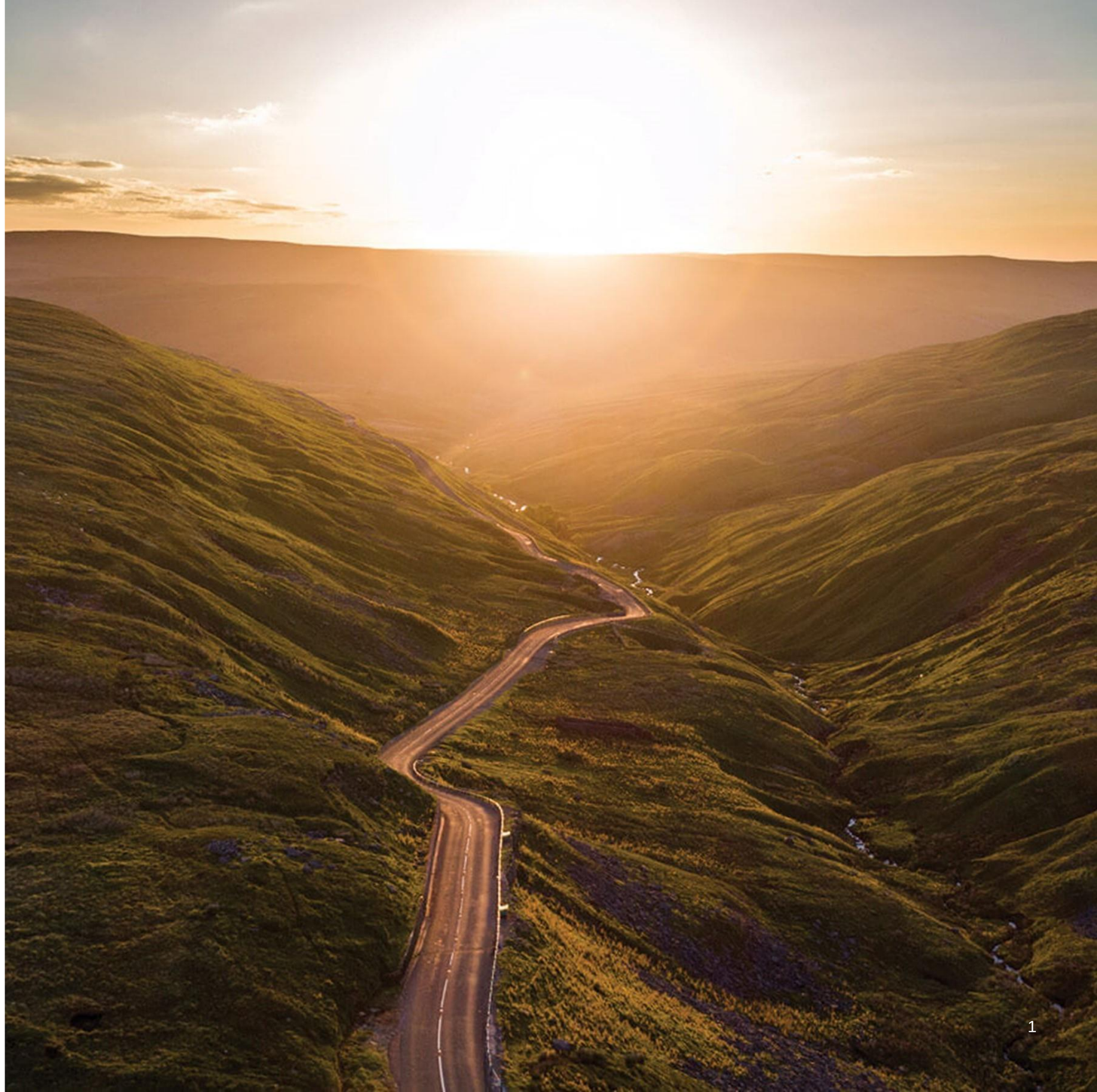
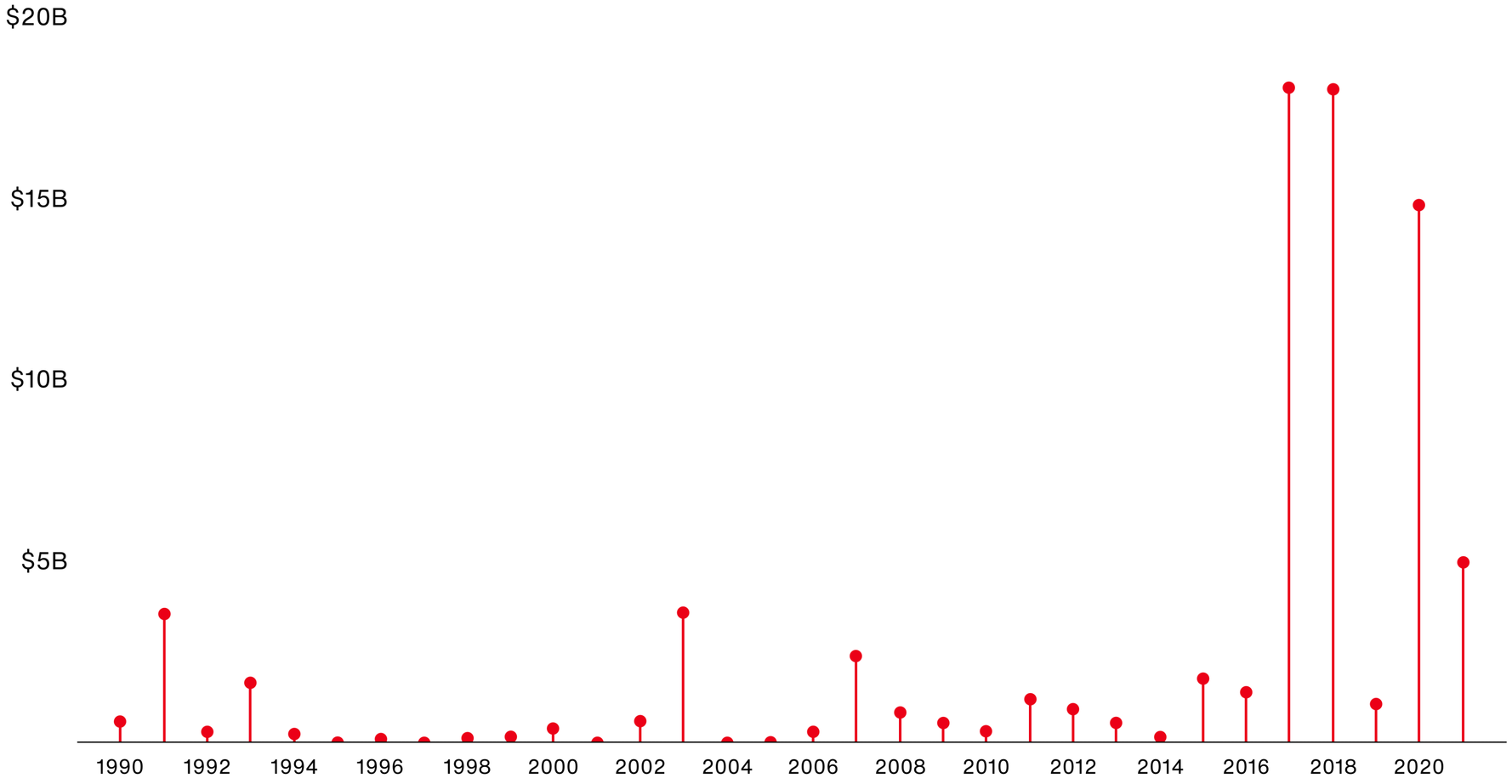
U.S. Wildfire Risk:

Insurance Perspective

June 2022



State the Obvious: U.S. Insured Wildfire Losses are Increasing



California Only

15

Total $1B+
Insured Events

11

Total $1B+
Insured Events
Since 2015

$14B

Total Insured Loss
Pre-2015

$48B

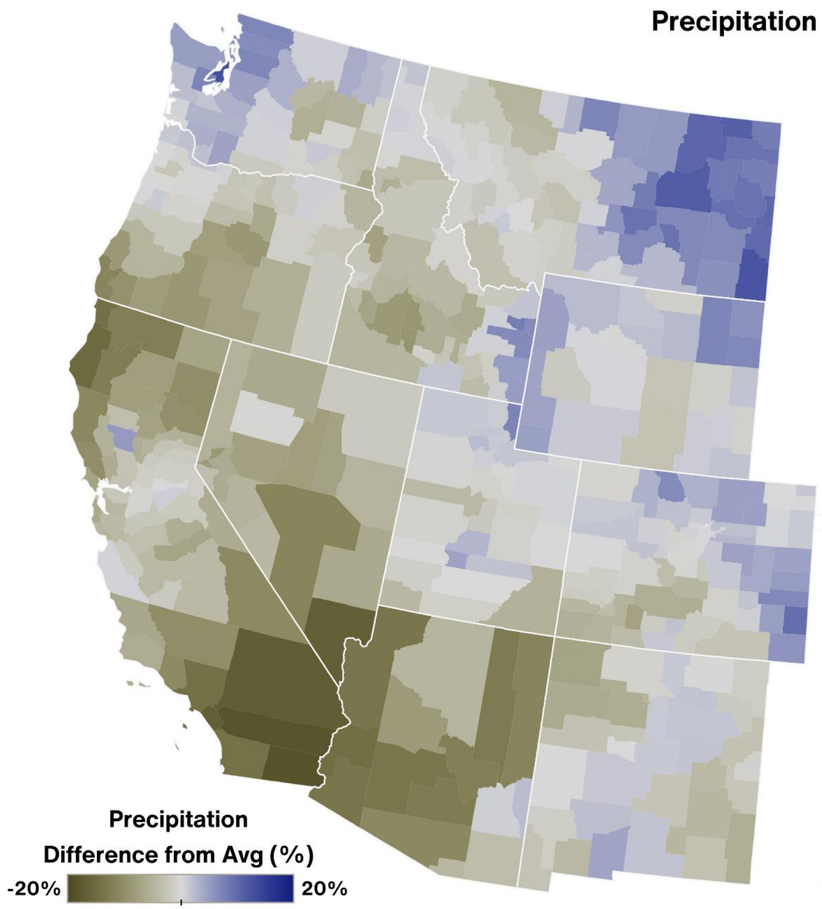
Total Insured Loss
2015-2021

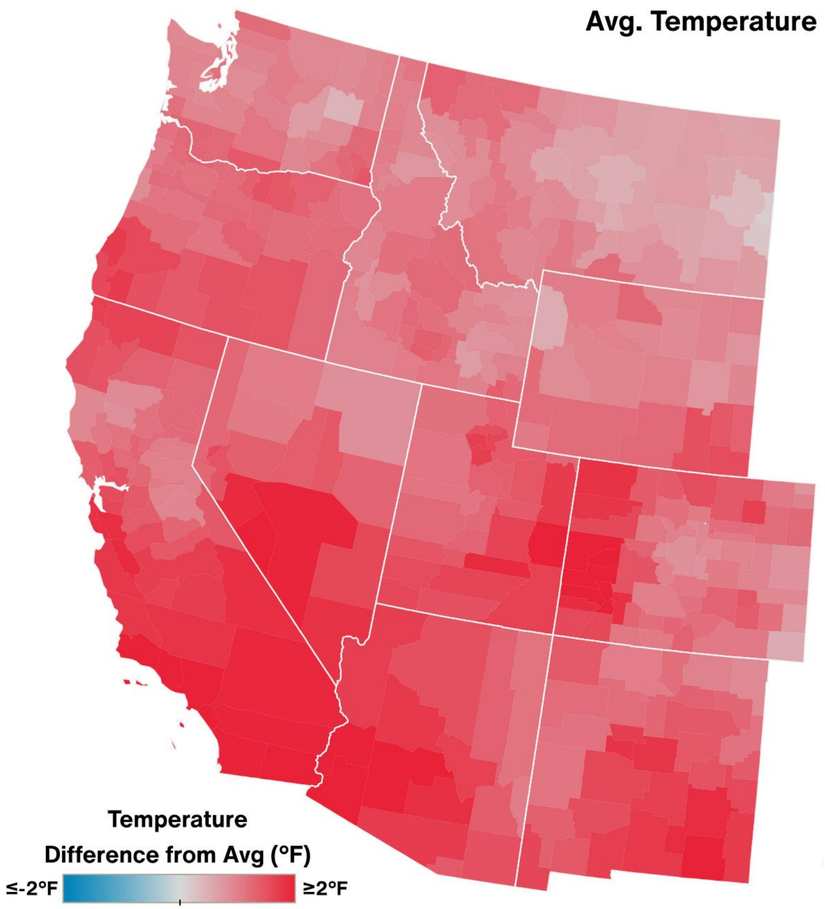
Insured Losses in 2022 USD

Data & Graphic: Aon (Catastrophe Insight)

AON

U.S. Wildfire Risk is Growing





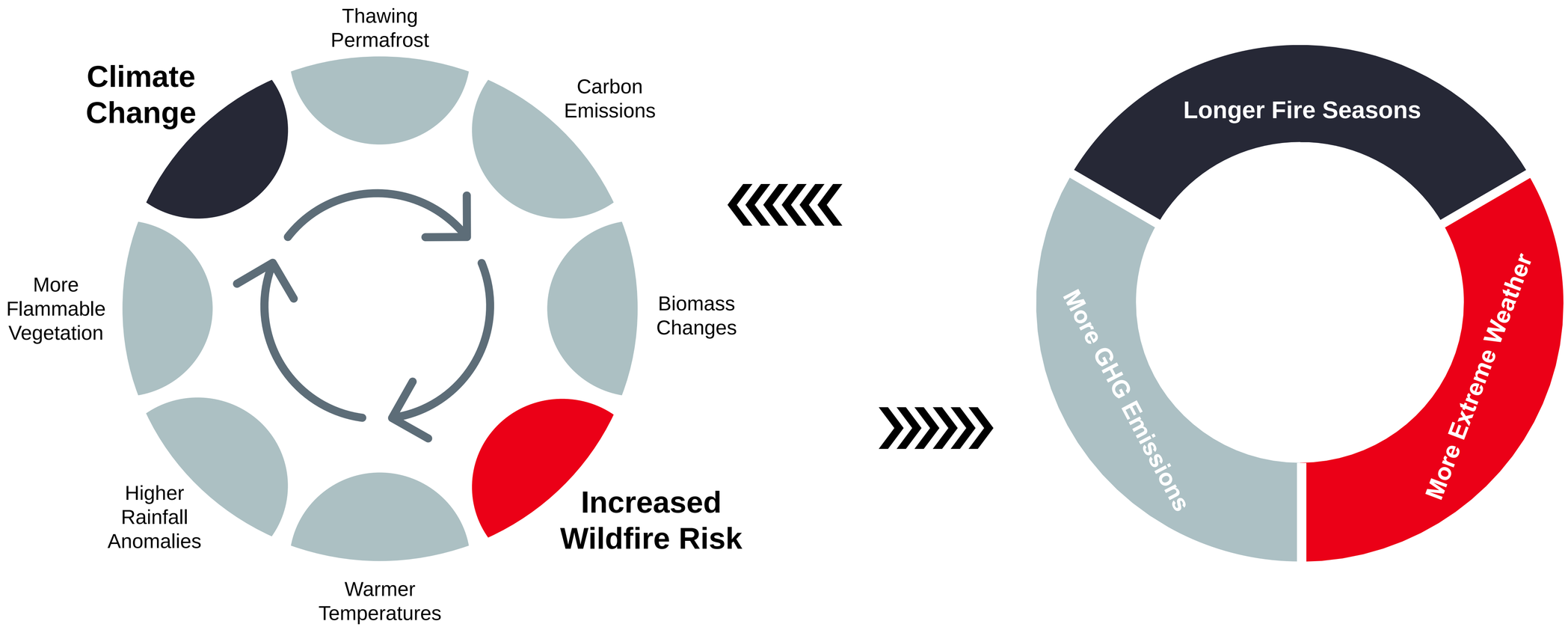
Western U.S.
Fire Season Months
May to November

Climate Normal Comparison
1991-2020 vs 20th Century Avg

What do the results mean?
The combination of reduced precipitation during the standard "dry season" and hotter average temperatures is aiding in the intensification of drought events. This has also been a factor in U.S. West wildfire seasons now regularly being extended by several weeks.

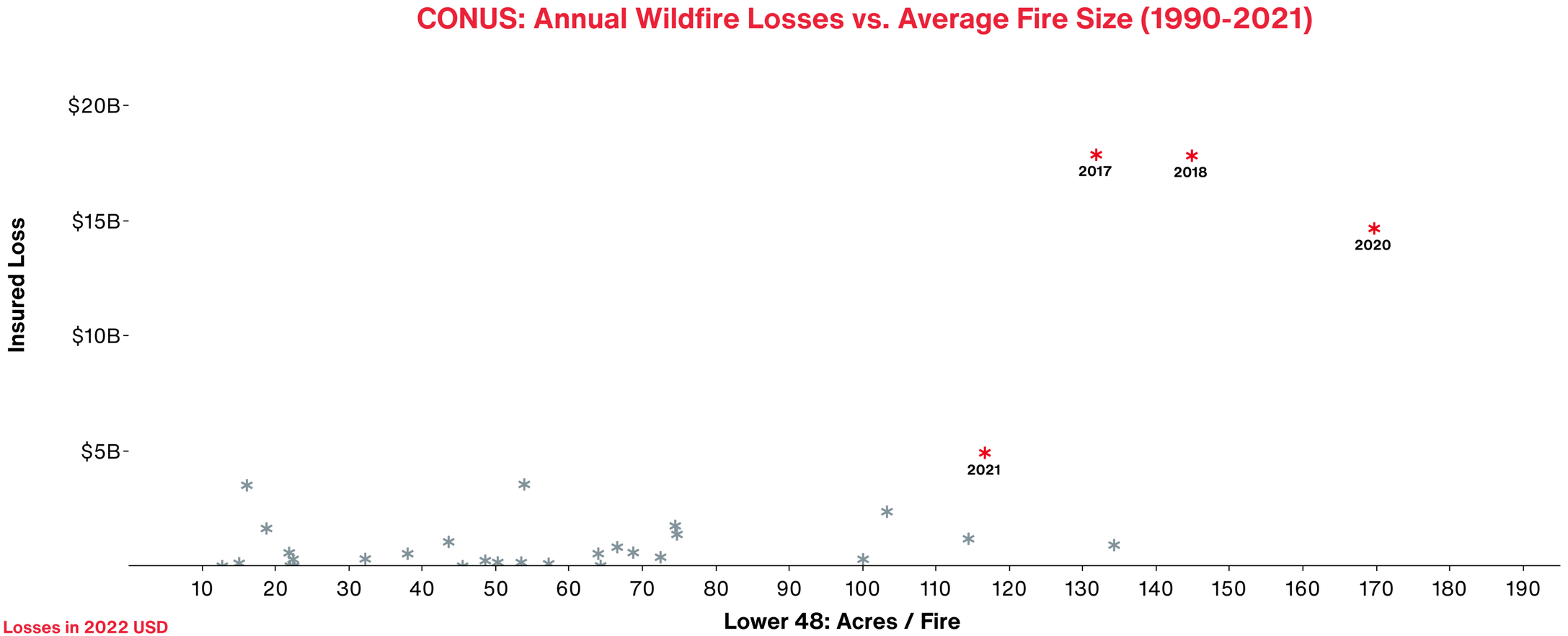
Data: NOAA (NCEI)
Graphic: Aon (Catastrophe Insight)

Wildfire Risk as Part of the Climate Change Feedback Loop



Based on work from the United Nations (2022)
https://wedocs.unep.org/bitstream/handle/20.500.11822/38372/wildfire_RRA.pdf

Larger Fires Correlate to Higher Losses

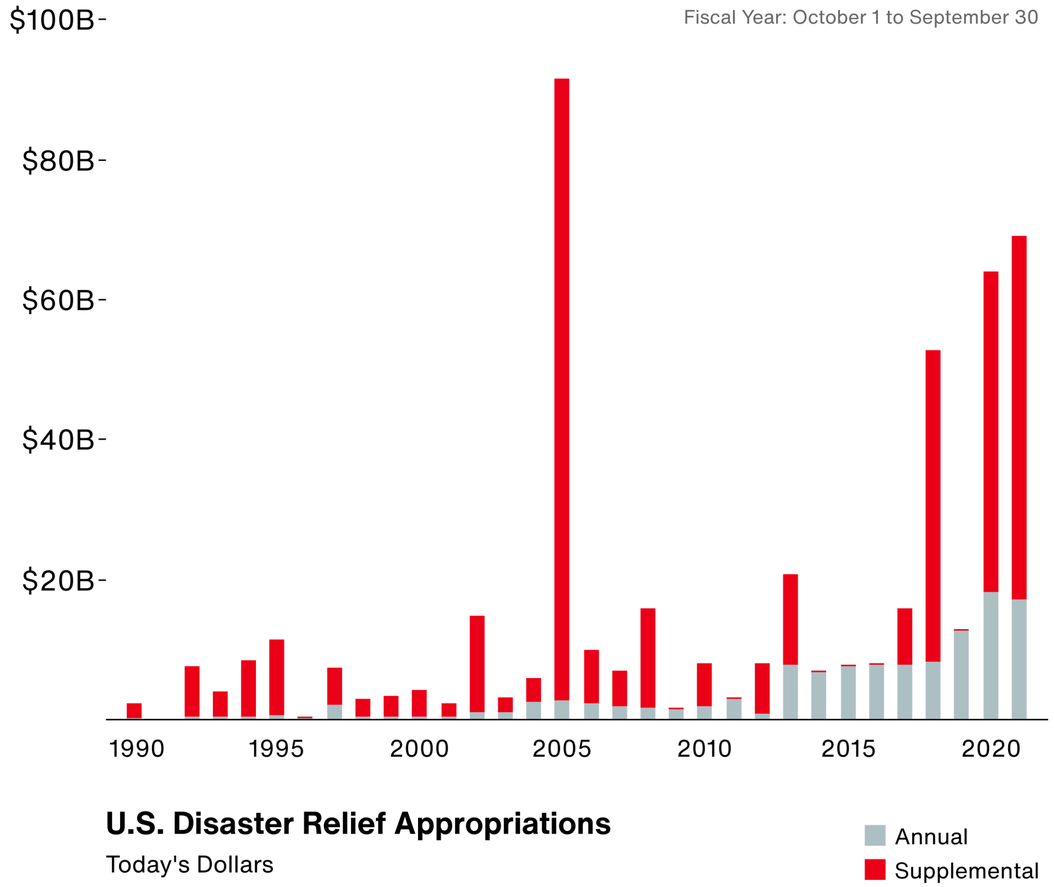


Losses in 2022 USD

Fire Data: NIFC

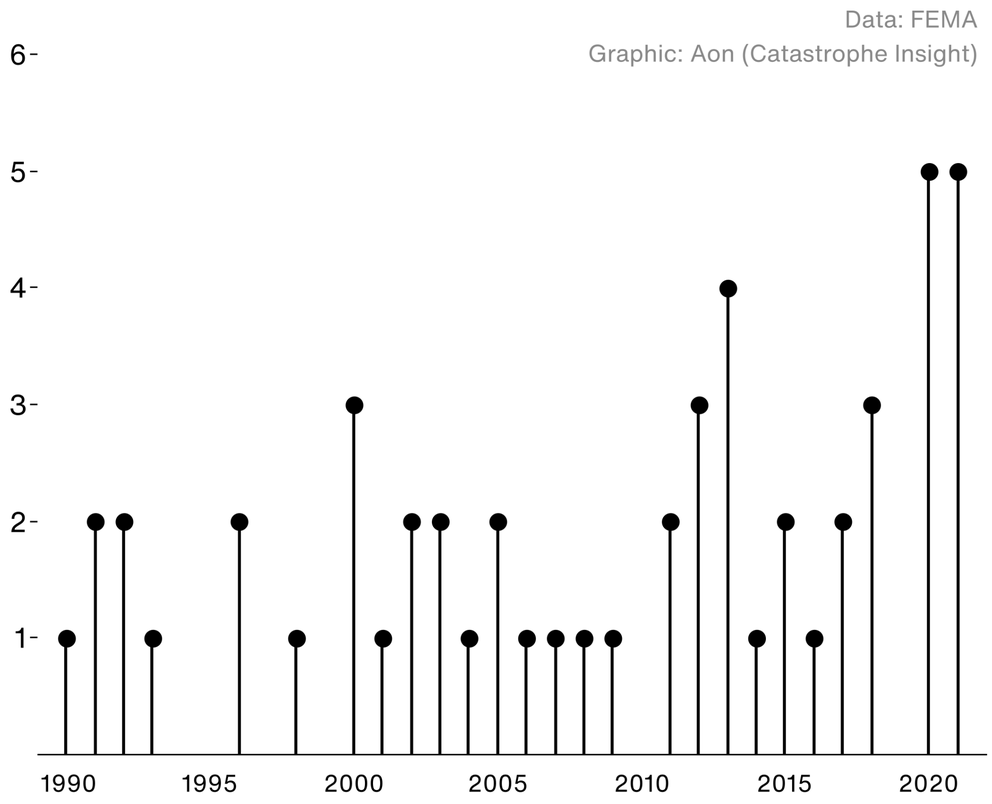
Loss Data & Graphic: Aon (Catastrophe Insight)

Federal Disaster Relief Funds & Wildfire Disaster Declarations



U.S. Disaster Relief Appropriations

Today's Dollars



U.S. Major Disaster Declarations

Wildfires

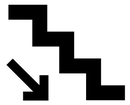
Insurance & the Wildfire Peril

Need to Properly Identify Risk

Strengthen the available computational tools, data, and utilize other analytics to find where the risk profile is evolving

Engage Public Sector Stakeholders

Find a balance to ensure coverage opportunities for low or high-risk properties & encourage needed forest management funding



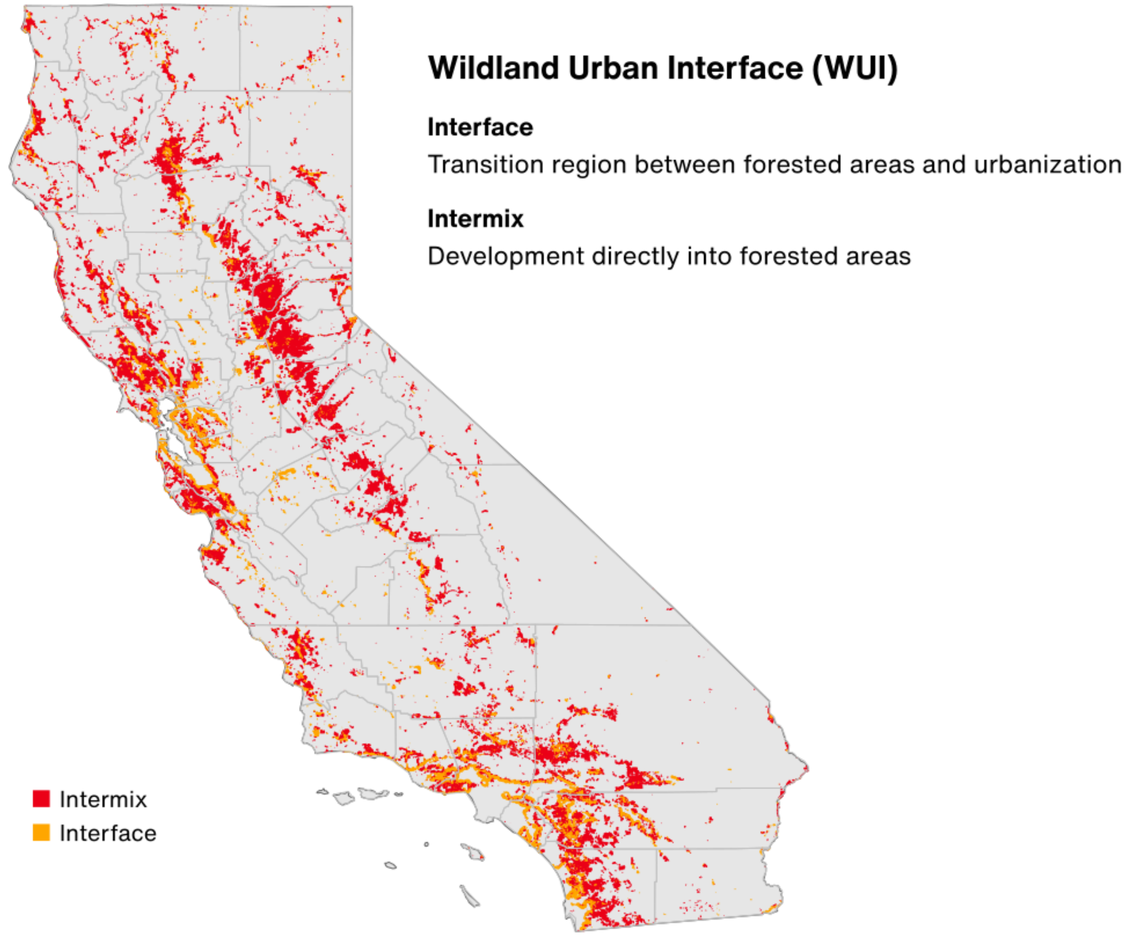
Bring Down the Protection Gap

Portion of direct economic losses not covered by insurance can range from 20 to 50% per fire event

Clearly Communicate the Risk

The public and private sectors need to better communicate current and future risk to residents

Example: California Fire Risk



11M+

CA WUI Population

4.5M+

CA WUI Housing Units

Continued trend of residents moving into high risk Interface or Intermix WUI areas to seek cheaper costs of living.

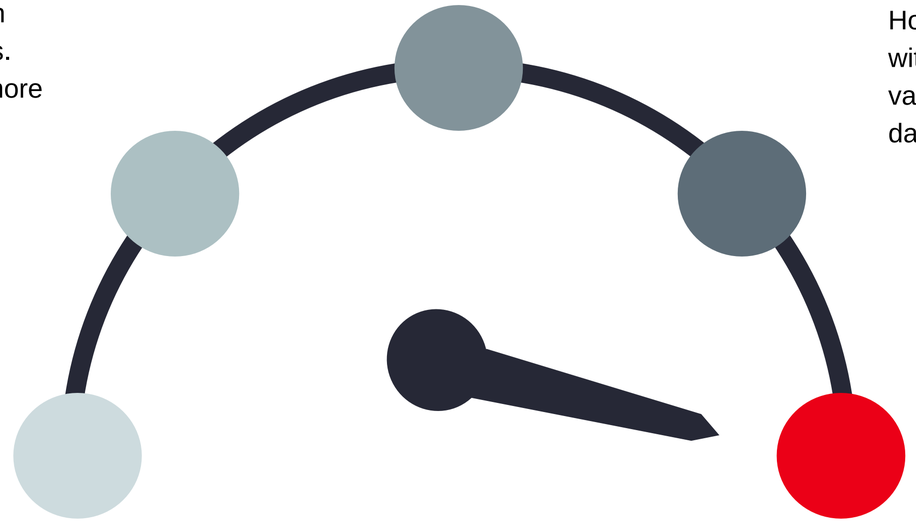
Communicate & Understand the Totality of Hazard Risk

Hazard Location

Where an event occurs ultimately will determine how much loss. The bigger the event affecting a larger population center will bring higher loss costs.

Hazard Behavior

The type of effects derived from an individual event or series of events. Climate influence is increasingly more pronounced with some perils.



Hazard Readiness

How well prepared a community is to withstand the intensity or frequency of various perils will determine how much damage occurs.

Hazard Frequency

How often an event or a type of an event can be expected. This is an important metric but only a limited portion of how risk should be viewed.

Totality of Hazard Risk

Event frequency matters. Event behavior matters even more. Event location and readiness matters most.

Prepare today to limit risk tomorrow.

How the Private Sector is Moving Forward: Academic Collaborations

Private Sector / Academic Outreach

The need for better collaboration between the private, public, and academic sectors has never been more important. Working together to find solutions.

Placement into Modeled Solutions

Scientifically sound solutions can be directly implemented into a catastrophe model. A preferred approach beyond basic frequency adjustments.

Direct Access to Emerging Research

Academic collaboration allows peer reviewed research or opportunities for new research ideas to be studied. Brings private sector perspective to untapped topics.

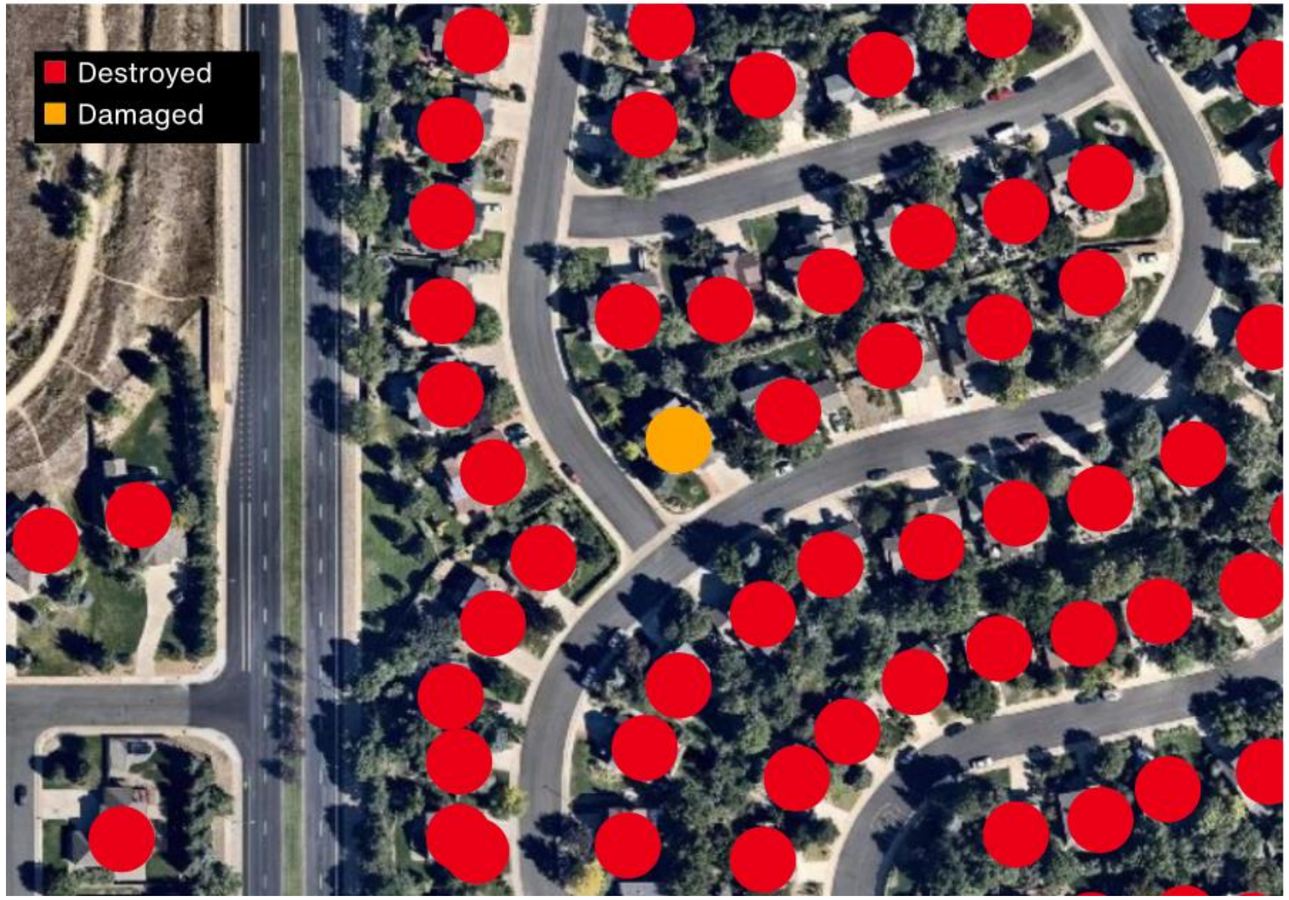
Higher Quality Results

Opportunity to better account and explain complex uncertainties with climate change solutions. Allows for more actionable quantitative and qualitative results.

Build Better. Build Smarter.

Marshall Fire: Louisville, Colorado

Source: Boulder County, CO Emergency Management
Graphic: Aon (Catastrophe Insight)



Source: https://revkin.bulletin.com/when-wildfire-comes-to-town-amid-the-marshall-fire-s-urban-ashes-hints-of-a-less-combustible-future

We cannot fully eliminate risk, but we can take meaningful steps to minimize it.