STATE OF THE INSURANCE MARKET

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350,000 rural residents have had their insurance non-renewed, in the past 4 years

34% of residents report 200-500% increase to replace coverage.
Third worst year for U.S. Insured Catastrophe Losses. Average Insured Loss per Year for 1980-2018 is $19.3 B.

*2018: Inflation-adjusted estimate, subject to change. 2010s is average of 2010 to 2018. All losses are Direct.
Sources: Property Claims Service, a Verisk Analytics business; Insurance Information Institute.
# Top 10 Costliest Wildland Fires in the United States

<table>
<thead>
<tr>
<th>Rank</th>
<th>Date</th>
<th>Name, Location</th>
<th>Dollars when occurred</th>
<th>In 2018 dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nov. 8-25, 2018</td>
<td>Camp Fire, CA</td>
<td>$8,500 - $10,500</td>
<td>$8,500 - $10,500</td>
</tr>
<tr>
<td>2</td>
<td>Oct. 8-20, 2017</td>
<td>Tubbs Fire, CA</td>
<td>7,500 - 9,500</td>
<td>7,700-9,700</td>
</tr>
<tr>
<td>3</td>
<td>Nov. 8-22, 2018</td>
<td>Woolsey Fire, CA</td>
<td>3,000 - 5,000</td>
<td>3,000 - 5,000</td>
</tr>
<tr>
<td>4</td>
<td>Oct. 8-20, 2017</td>
<td>Atlas Fire, CA</td>
<td>2,500 - 4,500</td>
<td>2,600-4,600</td>
</tr>
<tr>
<td>5</td>
<td>Dec 4 - 23, 2017</td>
<td>Thomas Fire, CA</td>
<td>1,500 - 3,500</td>
<td>1,530-3,600</td>
</tr>
<tr>
<td>6</td>
<td>Oct. 20-21, 1991</td>
<td>Oakland Hills Fire, CA</td>
<td>1,700</td>
<td>2,851</td>
</tr>
<tr>
<td>7</td>
<td>Oct. 21-24, 2007</td>
<td>Witch Fire, CA</td>
<td>1,300</td>
<td>1,552</td>
</tr>
<tr>
<td>8</td>
<td>Jul. 23-Aug. 30, 2018</td>
<td>Carr Fire, CA</td>
<td>$1,000 - 1,500</td>
<td>$1,000 - 1,500</td>
</tr>
<tr>
<td>9</td>
<td>Oct. 25-Nov. 4, 2003</td>
<td>Cedar Fire, CA</td>
<td>1,060</td>
<td>1,417</td>
</tr>
<tr>
<td>10</td>
<td>Oct. 25-Nov. 3, 2003</td>
<td>Old Fire, CA</td>
<td>975</td>
<td>1,304</td>
</tr>
</tbody>
</table>
2018 – CAT EVENTS

• Hurricane Losses: Michael & Florence
  • $31B of Total Loss
  • $15B Insured Loss
  • Low loss year, Record Year HIM in 2017, $93B

• California Wildfire Losses: Carr, Camp and Woolsey
  • $24B of Total Loss
  • $18B Insured Loss
BEVERLY HILLS MAPPING - 2011
BEVERLY HILLS MAPPING - DETAIL

Very High Fire Hazard Severity Zones in LRA
As Recommended by CAL FIRE
Primary carriers purchased reinsurance to offset their risks.

Reinsurers paid large losses in California Wildfires, previously overlooked.

Global reinsurers see a crisis in California, view wildfire risk as a new peril, such as earthquake or hurricane.

Reinsurance rates have been increasing dramatically, or they are no longer writing coverage.

Primary carriers become less profitable, and are unable to raise rates (regulated), and therefore try to reduce the policies they underwrite.
Residents should try to find an Admitted Carrier to quote coverage
- Admitted carriers are regulated by the State of California
- You must be denied by Admitted to go to...

If no Admitted Carriers will accept the risk, Non-Admitted carriers should be considered:
- Can provide underwriting requirements to bind coverage
- Can offer coverage at a higher rate
- Can offer higher wildfire retentions

If Non-Admitted carriers will not write the risk, it is likely that the house is in an extreme risk zone, and the California FAIR Plan should be considered.
FACTORS LEADING TO NON-RENEWAL

• The following issues are the primary focus of insurers:
  • Prior loss history
  • Roof type (e.g. wood shingle, venting)
  • Construction type (e.g. combustible)
  • Environment
    • Vegetation - proximity to house, spacing, overhanging roof, etc.
    • Slope, downhill fuel, etc.
    • Access (e.g. one road in and out)

• What helps?
  • Newer is better, code compliance, landscaping
  • Documentation of improvements, willingness to make further improvements.

https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA
BEST WAYS TO FIND COVERAGE

- Agents: Represents one or more insurance company. Agents provide information and options available from their company to the insurance buyer.

- Brokers: Represent the insurance buyer. Brokers approach many insurance companies to obtain options.

- Challenging risks require more specialization and a wider array of carrier options. We recommend finding an insurance broker if you are having difficulty obtaining coverage.
WHAT ELSE CAN YOU DO?

• California Department of Insurance: 1-800-927-HELP
  • Carrier must provide 45 days notice of cancellation

• Most primary carriers you know by name are ‘admitted’ carriers, there are many ‘surplus’ carriers you may not know, but are more willing to write coverage. Surplus carriers are accessed by insurance brokers.
  • High Net Worth or High Property Value markets may also be available

• California FAIR Plan will write coverage, as last resort.
  • These policies should be purchased with a supplemental ‘wrap’ policy to fill in other coverages.
QUESTIONS?