





2023 Wildfire Trends for P&C Insurance

August 2023

The 2023 wildfire season so far is among the most destructive on record. With **over 5 million acres burned** in the United States and Canada, this year's fires have caused billions of dollars in damage and displaced thousands of people.

The National Interagency Fire Center's (NIFC) monthly and seasonal outlooks have indicated an above-normal potential for wildfire ignition and spread.

-  Above normal temperatures
-  Below normal precipitation
-  Increased fuel loads
-  Unfavorable weather patterns

The West Coast of the United States, including California and Oregon, has experienced some of the most intense and destructive fires due to a combination of dry conditions and strong winds.



To-date in 2023, California alone has experienced:

- 4** fatalities
- 42** damaged or destroyed structures
- 222,863** burned acres
- 371,327** fire emergency responses

The Maui Wildfire

The Maui wildfire of 2023 stands out as one of the **most devastating incidents** in recent memory.

- Over 3,200 acres burned*
- Over 2,200 buildings destroyed*
- Approximately 115 fatalities accounted for**
- Nearly 100 remain missing according to the FBI**

*As of August 12th, 2023

**As of August 29th, 2023

Unique challenges posed by **island-based wildfires**:



Limited access to firefighting resources.



Interconnectedness of local ecosystems.

Top 5 costliest individual wildfires in US history according to the Rocky Mountain Insurance Information Association, adjusted for 2023 dollars:

- 2018: Camp Fire, CA – \$12.1 billion**
- 2017: Tubbs Fire, CA – \$10.2 billion**
- 2018: Wossley Fire, CA – \$4.8 billion**
- 1991 Oakland Fire, CA – \$3.5 billion**
- 2017: Atlas Fire, CA – \$3.5 billion**

The Financial Impact of Fires

The financial toll of the 2023 wildfires is immense and still under calculation. Some estimations believe the Maui Wildfire alone may total **\$6 billion** in economic losses.

Wildfire Predictions & Prevention

1. Fire Mitigation

Work with communities to develop fire mitigation strategies to **prevent damage before it occurs**. This may include moving live vegetation away from the sides of the home, clearing dead and dying branches, removing leaves and debris from the property, clearing gutters, roofs and decks of dead vegetation, and the use of metal instead of wood in building structures.

2. Improve Underwriting

Develop more sophisticated underwriting and pricing models that take into account **key factors behind severe wildfires**. Capture more data in the underwriting process to determine locations prone to drought and if local forests are cleared routinely for fire prevention.

3. Fast Claims Processing

Expect a surge in claims during wildfire season in states prone to wildfires and consider ways to **efficiently process claims**. When insurers process claims quickly, the total claims cost can be minimized and the policyholder can be satisfied with their coverage.

