

Utah Homeowners Insurance Market

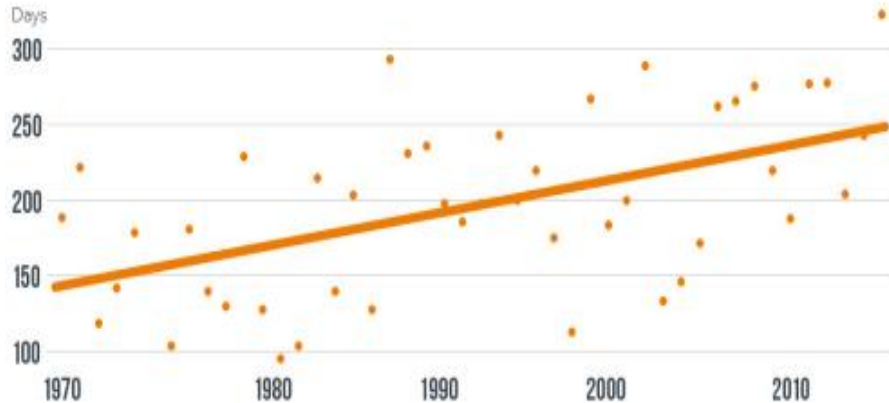
Background Wildfires – Western US



Wildfire season has increased in the Western US, prolonging the likelihood of fires in a given year

Not only has wildfire season increased, the Western US has also seen an increase in larger fires annually

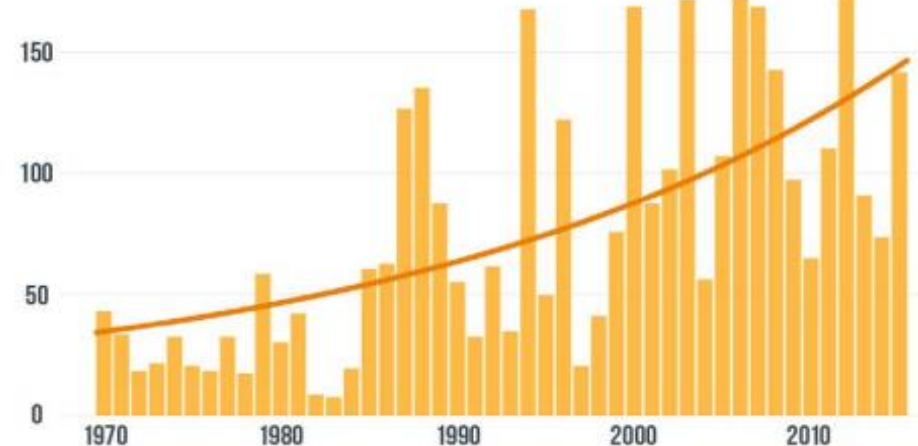
Length of Annual Burn Season: Western US



Source: Climate Central analysis of U.S. Forest Service records

CLIMATE CENTRAL

Number of fires larger than 1,000 acres per year on US Forest Service Land



Source: Climate Central analysis of U.S. Forest Service records

CLIMATE CENTRAL

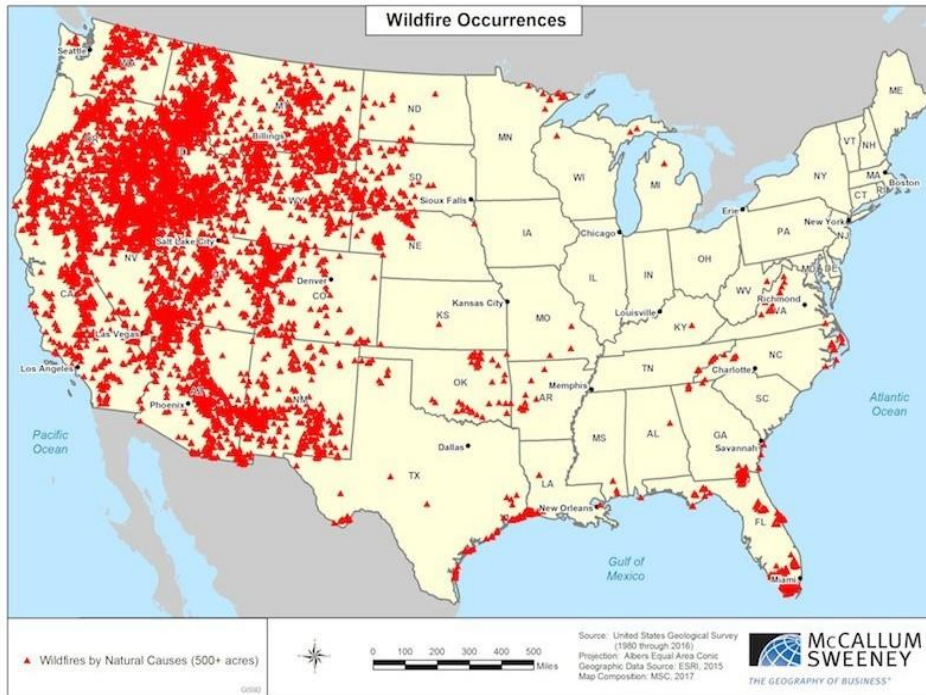
An increase in the likelihood and intensity of wildfires over the past 50 years poses a significant risk to residents, threatening availability of the homeowners insurance market

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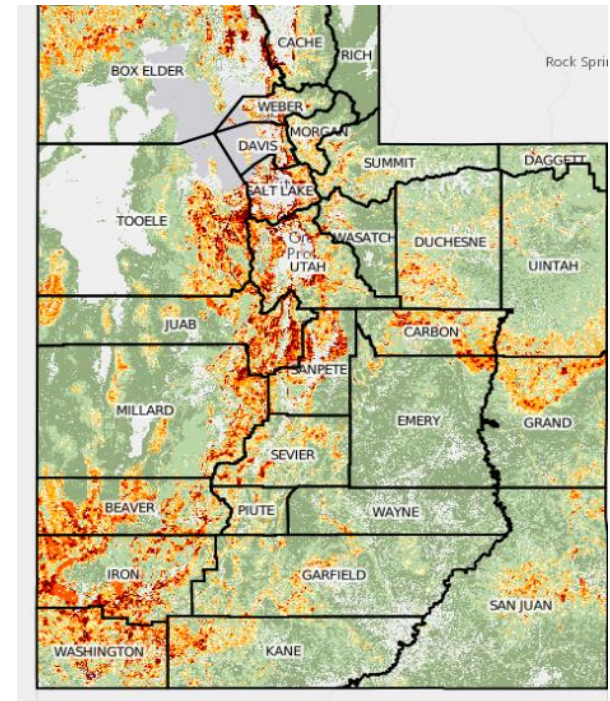
Background Wildfires - Utah

Utah is one of the most wildfire prone states in the US, with 800 to 1,000 wildfires annually¹



Source: Utah Department of Public Safety: Utah Hazard Mitigation

87% of Utah properties, or more than a million homes, are at some risk of wildfires in the next 30 years²



Source: RiskFactor.com

Wildfire is a natural part of Utah's ecosystems, but the development within and around wildlands has posed challenges for property owners, government officials, and the insurance industry

Utah Homeowners Insurance Market

Building a Sustainable Insurance Market With Wildfire Threat



Maintaining long term insurance availability requires collaboration between residents, insurance companies, and government policy

Residents

Build defensible space around home, reducing the likelihood of damage to the property

Residents

Government Policy

Government Policy

Promote education of mitigation by expanding mitigation expertise and providing financial support for forestry work

Insurance Companies

Insurance Companies

Ability to leverage combination of pricing sophistication and underwriting tactics to manage risk

A solution that doesn't involve collaboration between all parties could impact the long term availability of homeowners insurance in wildfire prone geographies

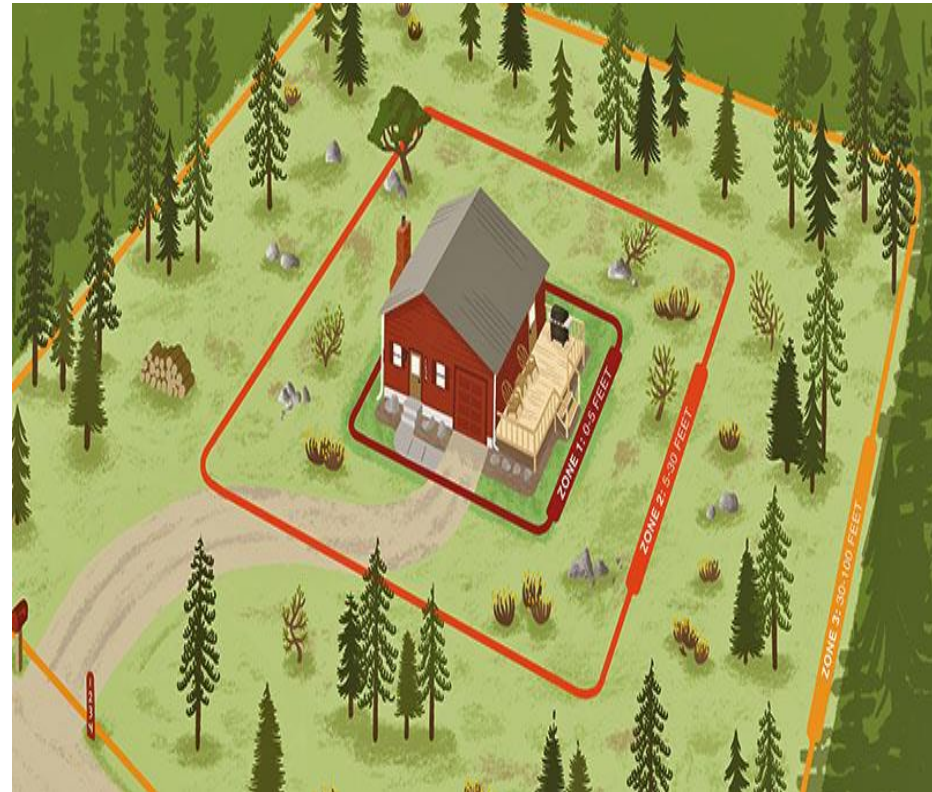
Utah Homeowners Insurance Market

Building a Sustainable Insurance Market With Wildfire Threat - Residents



Defensible Space

- **Wildfire mitigation out to 100 feet reduces economic damages by 50% according to IBHS, making mitigation a key driver of increased fire safety**
 - For example, property owners who clear vegetation near the perimeter of their homes or buildings can double a structure's chances of surviving a wildfire
- **With many companies leveraging brush inspections as a means for mitigating risk, having a properly mitigated home is key in order to promote long-term homeowner insurance availability**



Educating residents on proper mitigation is a key part of managing wildfire risk

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Building a Sustainable Insurance Market With Wildfire Threat – Gov't Policy



The state of Utah has done phenomenal work in its commitment to reducing wildfire risk: increased education, mitigation expertise, and financial support will support efforts

Education



- Expand public outreach and education on importance of mitigation
 - Use mass media to educate, teach, and create ongoing awareness
- Studies show that the reduction in wildfire damages are 35 times greater than the cost of education

Mitigation Expertise



- In addition to brush assessments from insurance companies, more mitigation experts are required to provide clarity to homeowners
 - (see wildfire partners example in appendix)
- Lack of forestry contractors who specialize in mitigation impacting ability to mitigate

Financial Support



- Fund programs to assist Utah homeowners with cost of wildfire mitigation, given the costs associated with these projects

Customer education, mitigation expertise, and too few forestry contractors are key barriers in the fight against wildfires

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Building a Sustainable Insurance Market With Wildfire Threat – Insurance Companies



Pricing

- With the increase of wildfire risk, insurance companies will need to continue to rely on **advanced wildfire models** in order to **price for local level risk as well as property specific risk**
- Due to expected recurrence of extreme events, regulators should become more familiar with and seriously consider the benefits of wildfire models, as well as the risk of these events to the market and insurance availability.

Underwriting

- **Inspections:** A properly mitigated home helps keep the resident and the structure safe. The ability to inspect homes to ensure they meet scientific guidelines is key in order to promote long-term insurance availability

The dynamic nature of wildfire risk requires use of a wide range of pricing and underwriting solutions

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Appendix – Wildfire Partners Example



Program

Wildfire Partners is a Boulder County program to help homeowners mitigate their properties and prepare for wildfire. Currently funded by a \$1.2 million grant from the Federal Emergency Management Agency (FEMA) and Boulder County government, the program includes over 2,500 homeowners in the county.

Benefits

- An individual, on-site, wildfire home assessment.
 - If you are accepted into Wildfire Partners, you will actively participate in your comprehensive assessment with a Wildfire Mitigation Specialist. Together, you will examine the trees and other vegetation in your defensible space zones, as well as areas on the exterior of your home vulnerable to wildfire risk.
- A customized report that identifies the weak links in your home's defenses.
- Financial awards are available to subsidize the cost of hiring a Wildfire Partners Forestry Contractor.
- A Wildfire Partners Certificate and yard sign stating that you have mitigated your home.
 - Allstate, State Farm and USAA Insurance companies recognize the certificate as proof of proper mitigation

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Appendix – Wildfire Partners Example



WILDFIRE PARTNERS

Assessment Report

Wildfire Mitigation Specialist:
Craig Jones

Assessment Date:
05/09/2022

Thank you for participating in Wildfire Partners!

By taking part in your assessment and acting to reduce your risk, you are serving as a positive example for others in your community. Your leadership and stewardship will help create a positive change and build a more resilient community. Wildfire Partners is here to support you as you work to implement the following key messages that were stressed during your home assessment.

Key Messages

- Implement Your Individual Action Plan
- Work With Your Neighbors
- Actively Maintain Your Mitigation
- Acknowledge There Are No Guarantees



WILDFIRE MITIGATION CHECKLIST

- Good Job! No mitigation is necessary at this time.
- Mitigation is recommended in this area.
- Mitigation is required to obtain certification.

For details and photographs of the required and recommended mitigation, please see the next section.

Forestry Contractors Servicing Wildfire Partners

To receive a Wildfire Partners Financial Award for forestry work, Wildfire Partners homeowners must use one of the forestry contractors on this list. Wildfire Partners does not recommend any one contractor over another contractor on this list. No representation for services is implied by the presence of a contractor name. If a homeowner selects a contractor to complete forestry work, the homeowner will be responsible for supervising the work and for the remaining payment after the Wildfire Partners Financial Award is used.

Homeowners who wish to complete a portion of their Wildfire Partners forestry work by themselves must do so before scheduling site visits with contractors. All contractors are required to bid on all forestry work remaining at the time of their site visits.

*Please note that the Wildfire Partners Financial Award is for forestry work only; it cannot be used for home retrofits or rock and gravel work. (Updated March 8, 2022)

Contractor Name and Contact Information	General Tree Cutting	Slash Removal/Hauling	Large Capacity Chipping	Technical Tree Climbing/Removal	Rock/Gravel Installation*	Steep Slope Tree Removal	Pile Burning	Mechanical Treatment (mastication)