



# The Growing Risk of Wildfires: A Discussion on Prevention & Liability Issues

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**NCOIL General Session**

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# Increasing Wildfire Occurrence



Cycles of heavy rain → excessive vegetation growth → periods of drought → dry abundant vegetation → heavy fire fuel loads



Continued population expansion into rural areas → expanding wildland-urban interface (WUI) → accidental ignitions → heavy fuel loads → more wildfires



Growing number of utility-involved fires



What we can do to prevent/mitigate loss from utility-involved fires:

Infrastructure hardening

Vegetation management

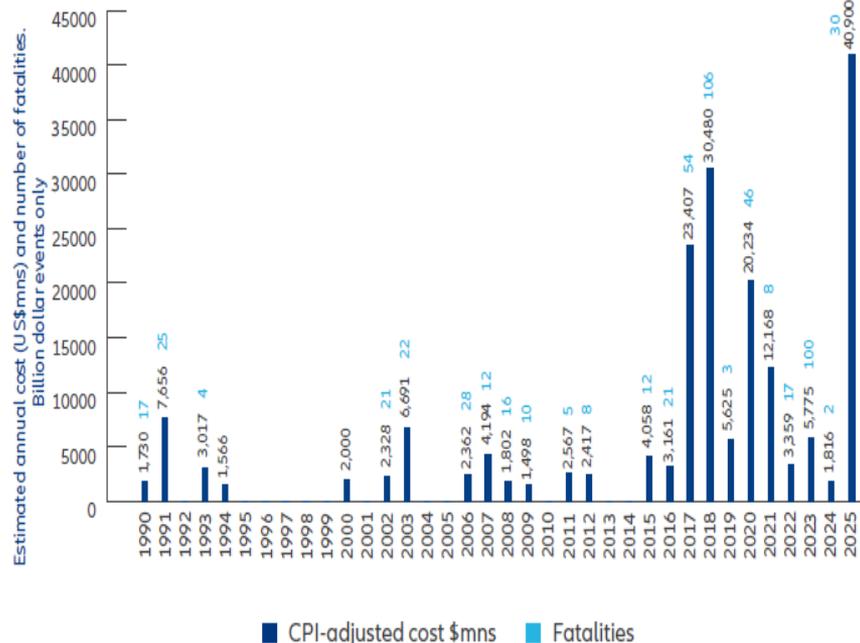
Use Public Safety Power Shutoffs and other safety measures

Compliance with strong wildfire mitigation plans



# Costliest Utility-Involved Wildfires Since 2017

### US annual wildfire costs (\$mns) and fatalities for wildfire events exceeding \$1bn



These issues are not isolated to California, as we are seeing a growing number of utility-involved ignitions across multiple western states during high wind events resulting in the costliest and deadliest losses in history.

RANK	INSURED LOSSES	EVENT	LOCATION
1	\$12.7 B	2018 Camp 18,800 structures	California
2	\$11.3 B	2017 Tubbs 5,600 structures	California
3	\$5.3 B	2018 Woolsey 1,600 structures	California
4	\$4.5 B	2023 Maul 2,200 structures	Maul
6	\$3.9 B	2017 Atlas 700 structures	California
10	\$2.9 B	2017 Thomas 1,000 structures	California
11	\$2.9 B	2021 Marshall 1,000 structures	Colorado
(Above losses adjusted to 2024 dollars)			
-	\$1-2 B estimate	2020 Labor Day 4,000 structures	Oregon
-	Less than \$1 B estimate	2024 Smokehouse Creek 500 structures, 15k cattle	Texas



# 2025 Legislation

- 20 bills in 12 states with some form of utility liability shield
- To date bills in: AZ, HI, ID, MT, ND, TX, WY have passed
- Insurance industry opposed liability language in each of these bills



# Concepts Embodied in Legislation

- Prepare/file/get approval for a Wildfire Mitigation Plan (WMP)
- Some bills create funds for claims payment (limits \$ available)
- Compliance with WMP establishes that responsible utility acted reasonably (non-negligently) → No liability
- Compliance with WMP creates presumption (non-rebuttable, rebuttable/preponderance, rebuttable/clear and convincing) → Protects responsible utility from liability
- Limits on recoverable economic, non-economic, and punitive damages – or combination



# Observations

- Prevention and mitigation are key
  - Stricter land-use and forest management
  - Increased maintenance of wildfire prone areas
  - Better use of building codes and standards
- While limiting their liability is of paramount importance to utilities, insurers think it's ill-advised
  - Individuals and businesses can lose everything and be left with no means to rebuild
  - WMPs and levels of required compliance may not be sufficient
- Our industry – and American jurisprudence – supports the right to subrogate and recover for economic loss from the parties responsible



# Questions?

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