American Property Casualty Insurance Association℠



Insurers' Perspective:
What Drives Wildfire Risk and Rates

Utah State University - Wildfire Ready Utah webinar series

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Background on APCIA and the Property Casualty Insurance Industry

APCIA: The largest U.S. home, auto, and business insurance trade association

- Mission: Promote private competition for the benefit of consumers and insurers

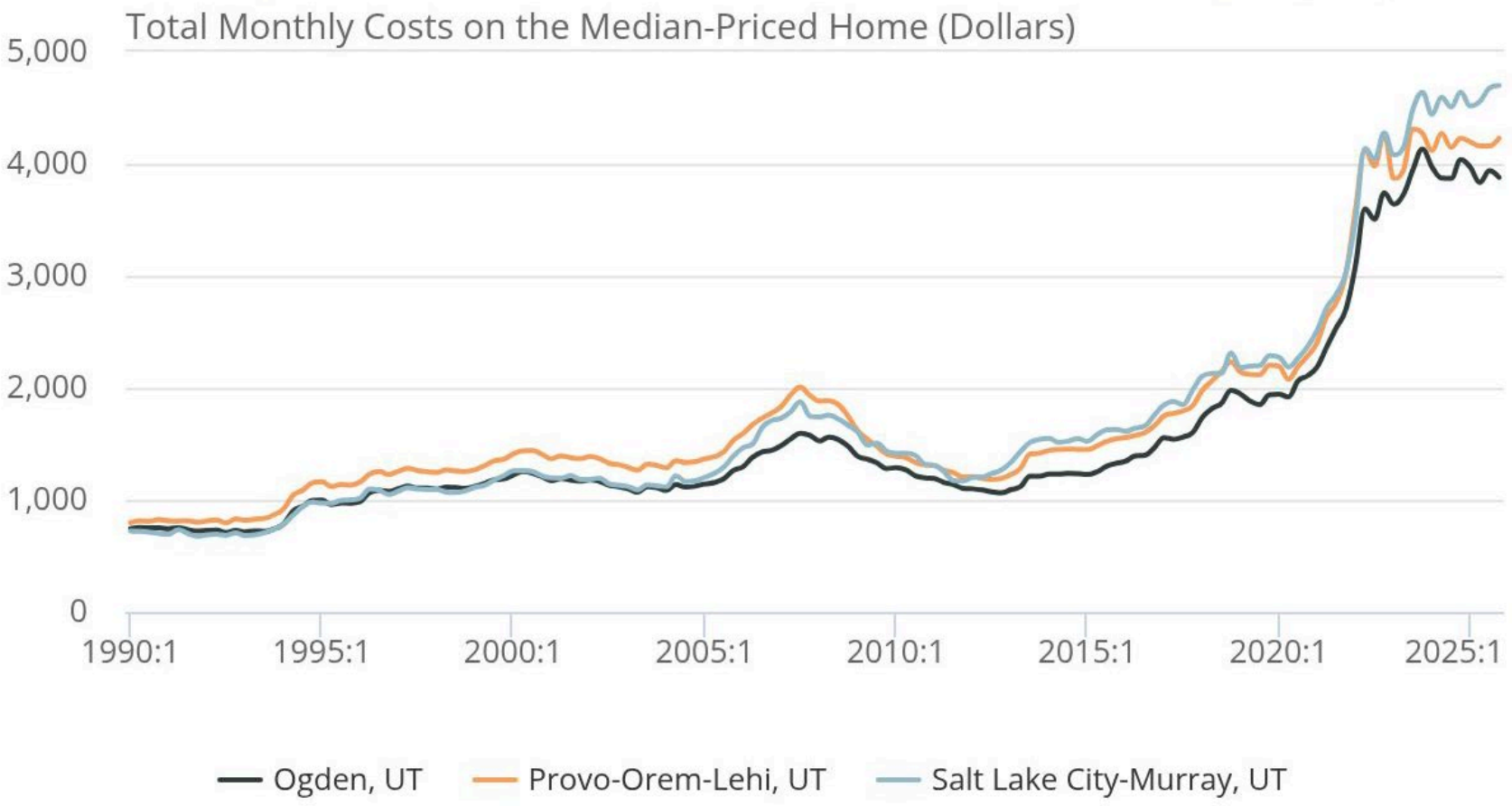
U.S. Property Casualty Insurance:

- $1 trillion annual premiums (over 1/3rd of global P&C premiums)
- 450,000+ employed + 1.3 million agents/brokers/related
- P&C insurance is extremely competitive (2,700+ P&C insurers)

Utah P&C Contribution:

- 12 insurers domiciled in UT; 1,800 jobs; $175m+ wages; $244m premium taxes
- $3.8b average annual claims payments (988k+ homes; 2.3m+ cars)

Housing Affordability Challenges



Notes: Monthly payments are on the median priced home and assume a 3.5% downpayment on a 30-year fixed-rate loan and 0.55% mortgage insurance, 0.35% property insurance, and 1.15% property tax rates.
Source: Harvard Joint Center for Housing Studies tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors, Existing Home Sales; Moody's Analytics estimates.

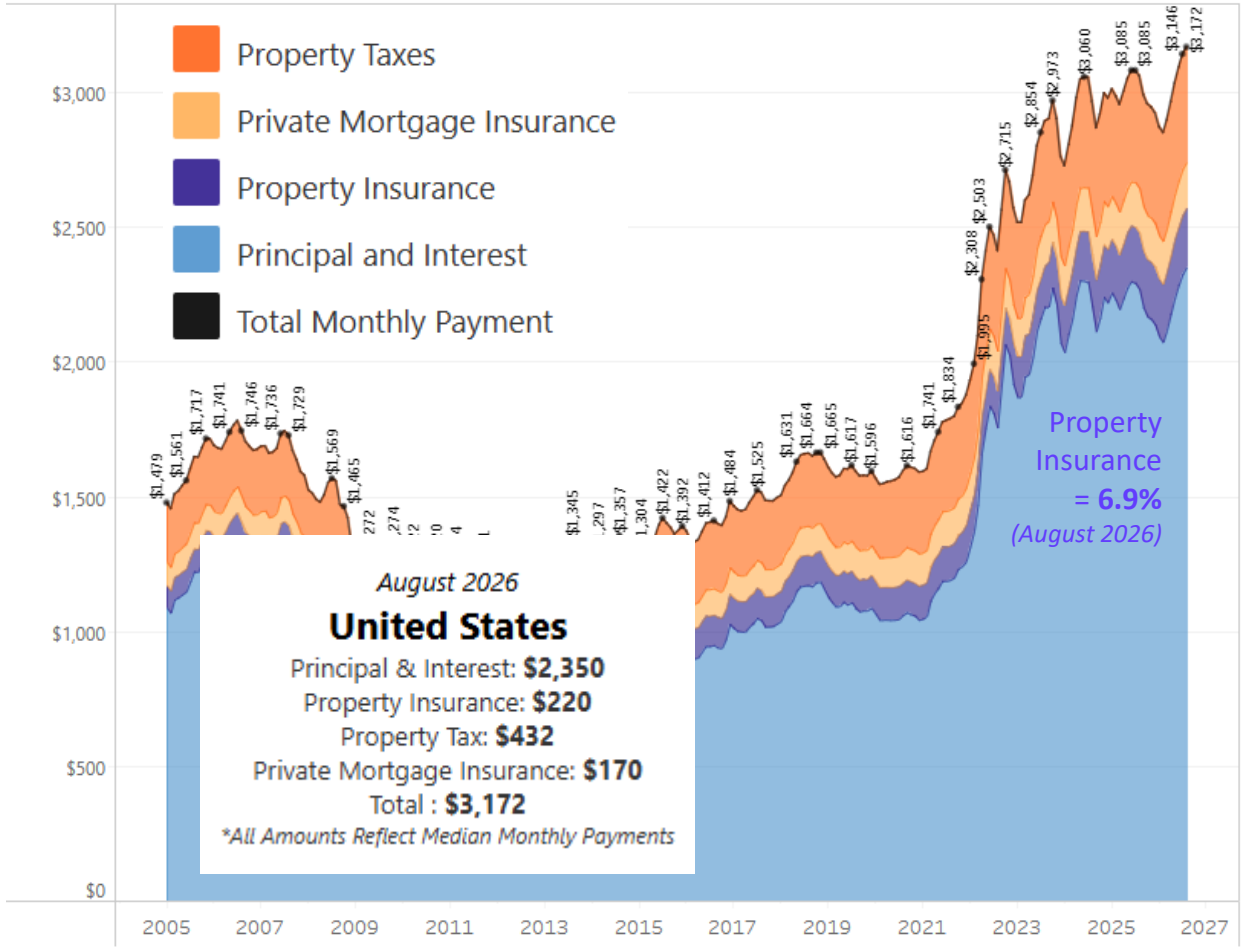


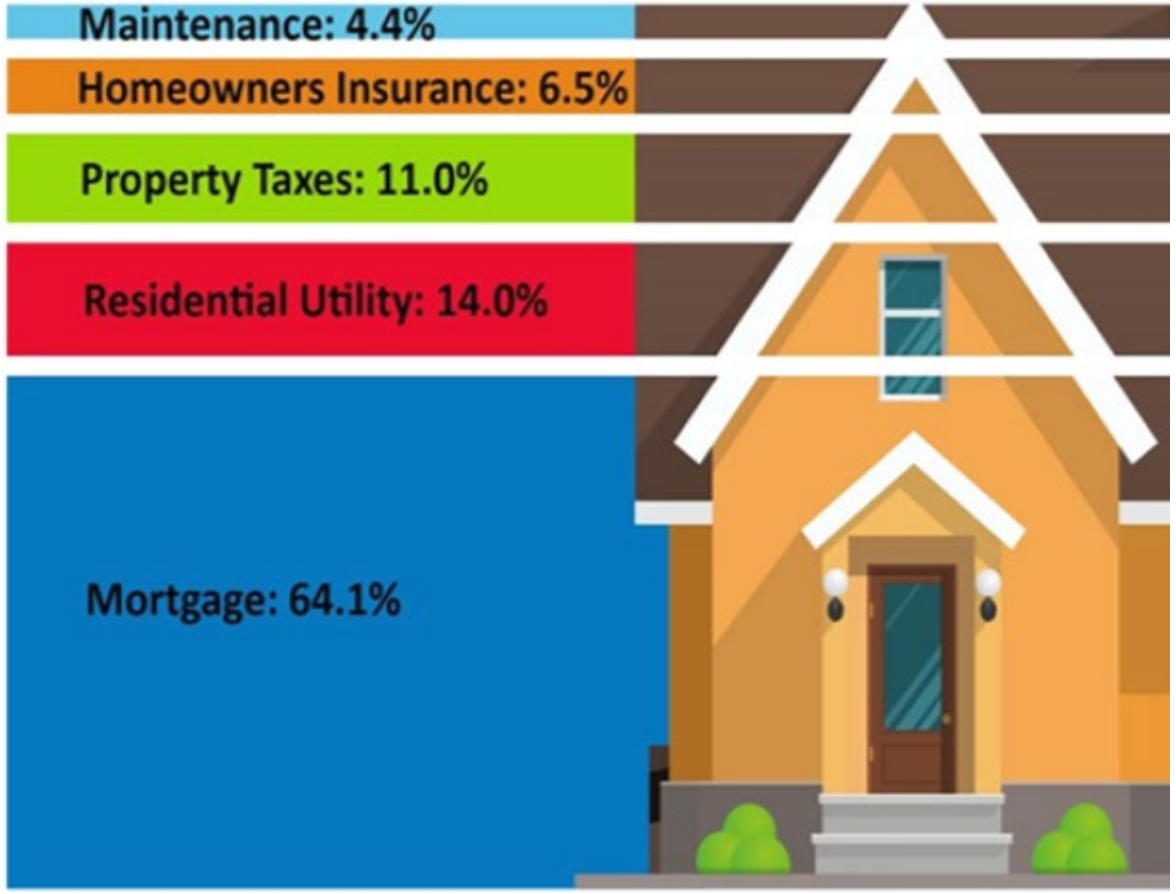
Source: https://www.jchs.harvard.edu/son-2026-homebuyer-costs-chart

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Home Insurance Impact on Housing Affordability

United States
Monthly Cost Breakdown
(Select Cost Components in the legend, Hover for Values)
Source: Federal Reserve Bank of Atlanta





Sources: Experian, Statista, ATTOM, Statista, Insurify, Bureau of Labor Statistics

Source: https://www.atlantafed.org/research-and-data/data/home-ownership-affordability-monitor#tab-2

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Insurance Cost Drivers

MACROECONOMIC PRESSURES	• Economic growth • 40-year record inflation • More severe inflation for building materials/labor
CLIMATE	• Demographic shifts to disaster-prone regions • Increasing weather severity
GOVERNMENT RISK	• State coverage mandates, rate suppression, legal system abuse

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Insurance Underwriting Results 2020-2024

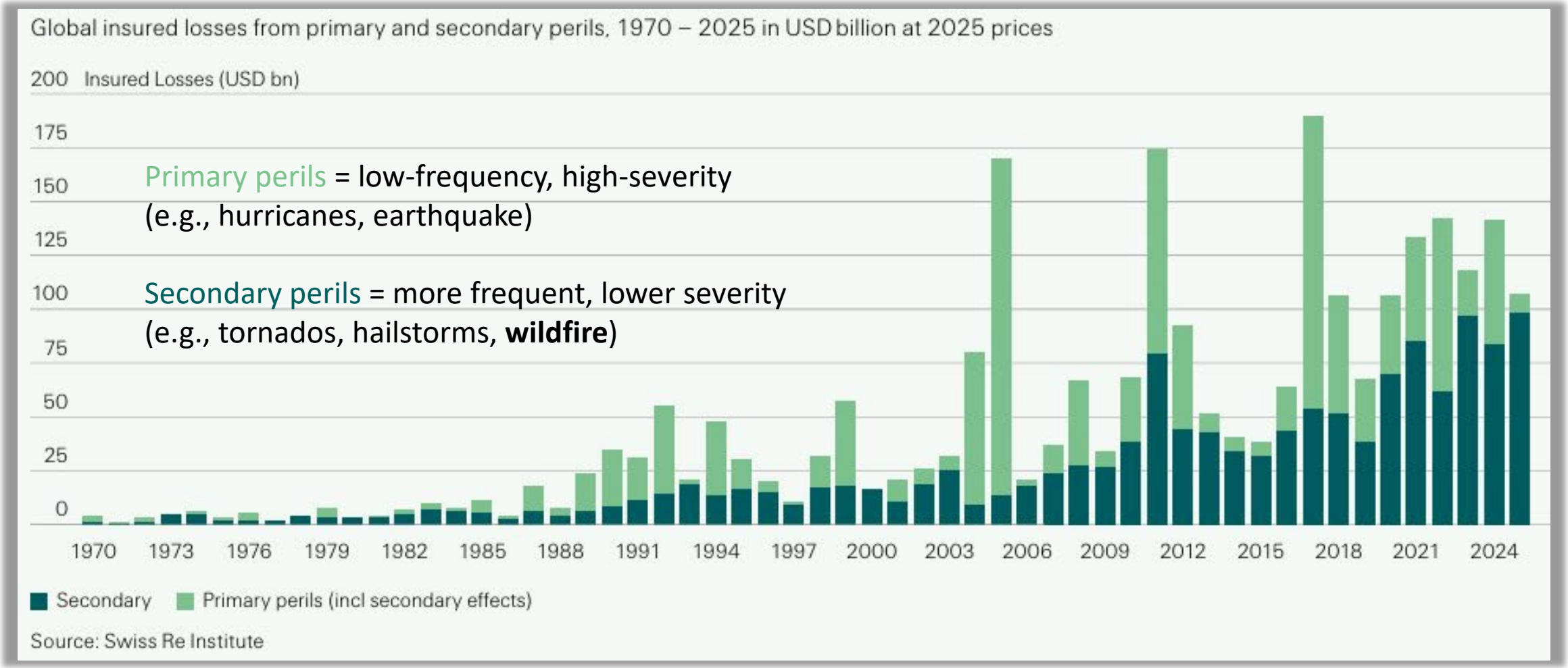
Underwriting Profit/Loss
Utah (UT) vs. Countrywide (CW)

	2020	2021	2022	2023	2024	10-Yr Avg
UT Homeowners	**(25.0)**	**1.2**	**2.9**	**(10.3)**	**(1.2)**	**(0.1)**
CW Homeowners	(3.3)	(5.4)	(6.2)	(3.7)	5.7	(0.4)
UT Commercial Multi-Peril	**2.6**	**1.9**	**20.6**	**2.8**	**3.1**	**7.9**
CW Commercial Multi-Peril	(6.2)	(3.8)	(1.4)	(6.1)	4.8	(1.9)
UT Farmowners	**(104.6)**	**10.1**	**16.1**	**5.0**	**22.5**	**(3.7)**
CW Farmowners	(5.0)	(0.1)	(11.2)	(12.1)	4.8	0.2

Source: NAIC Report on Profitability by Line by State in 2024, July 2026 edition.

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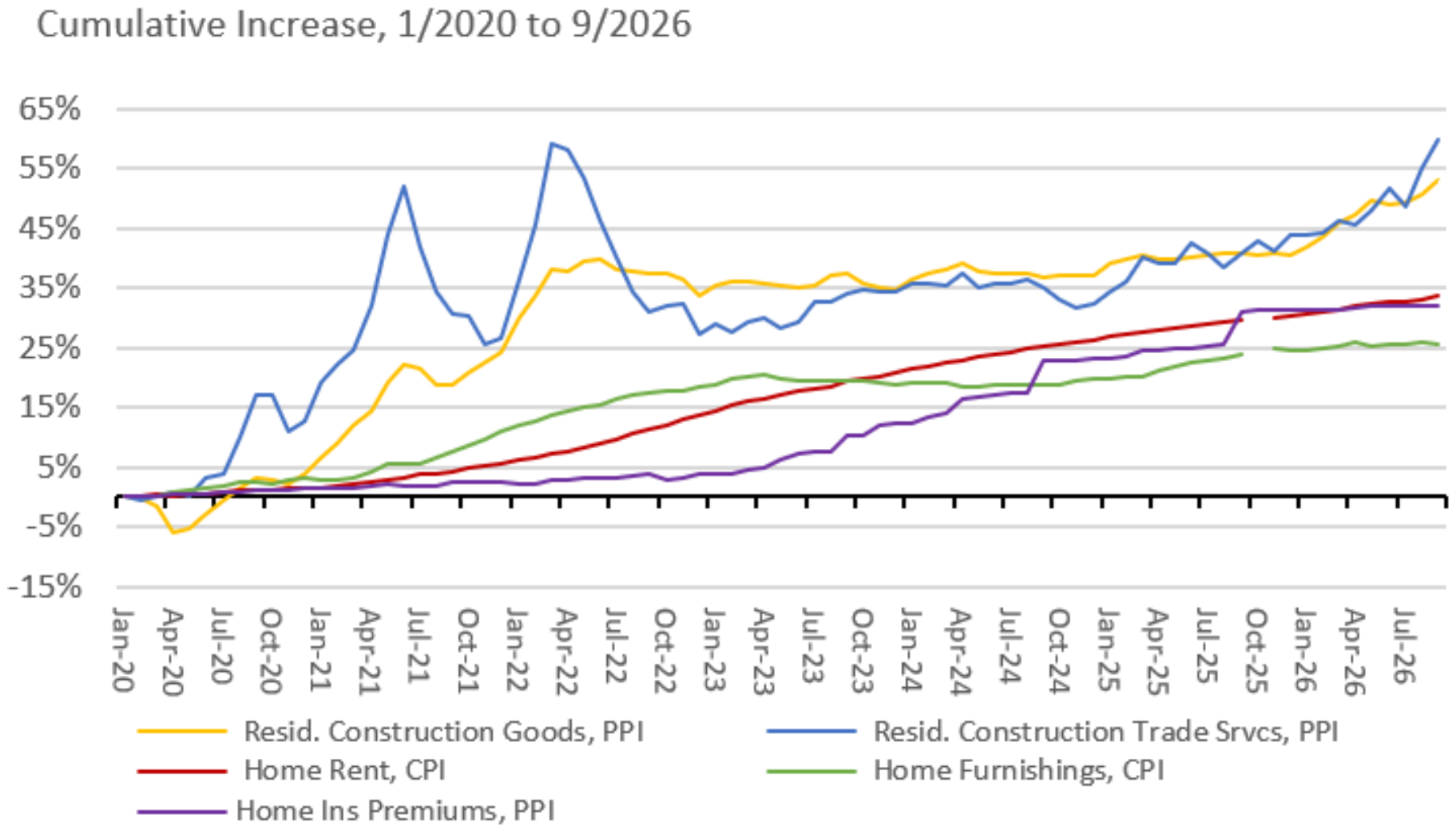
Increasing Catastrophe Losses



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Residential Home Replacement Costs

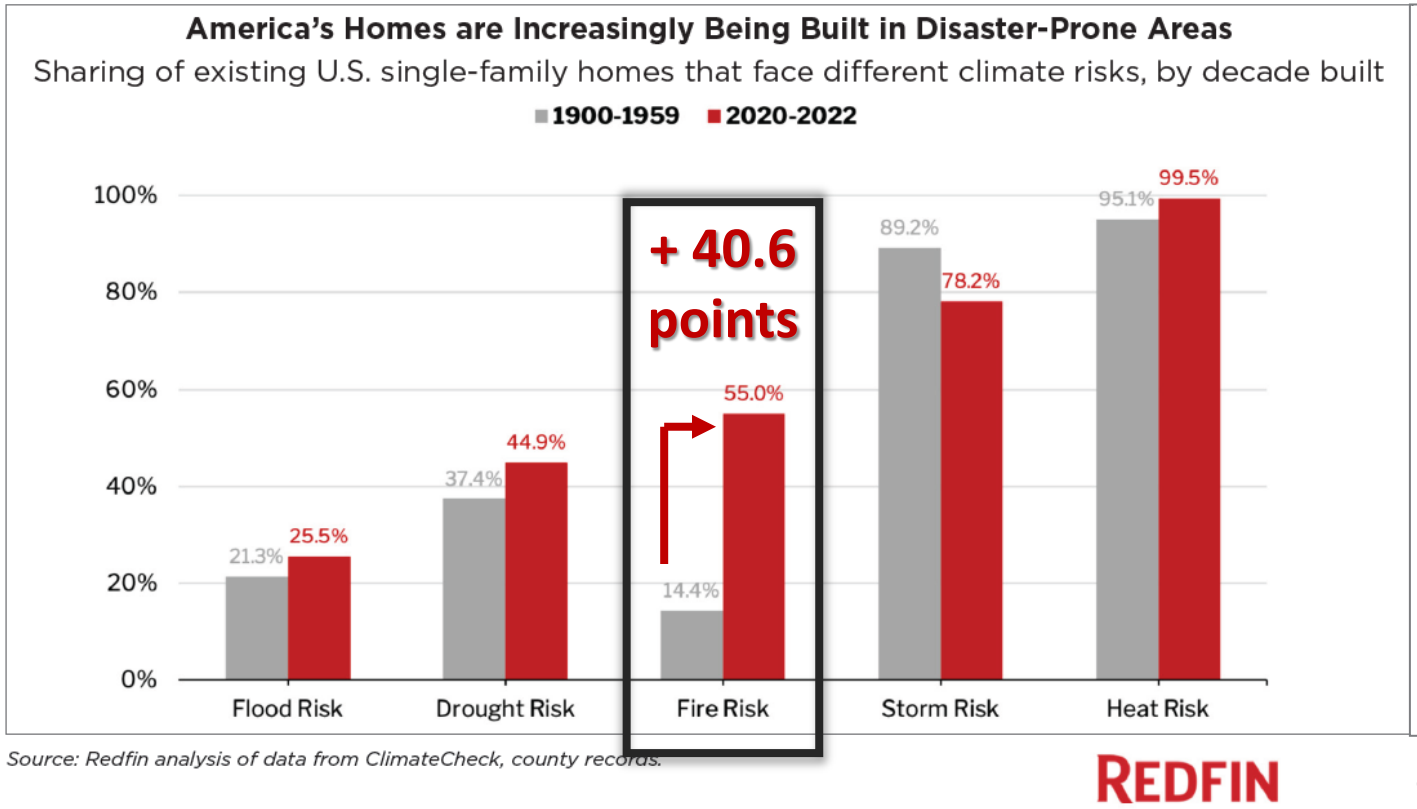
Cumulative Change

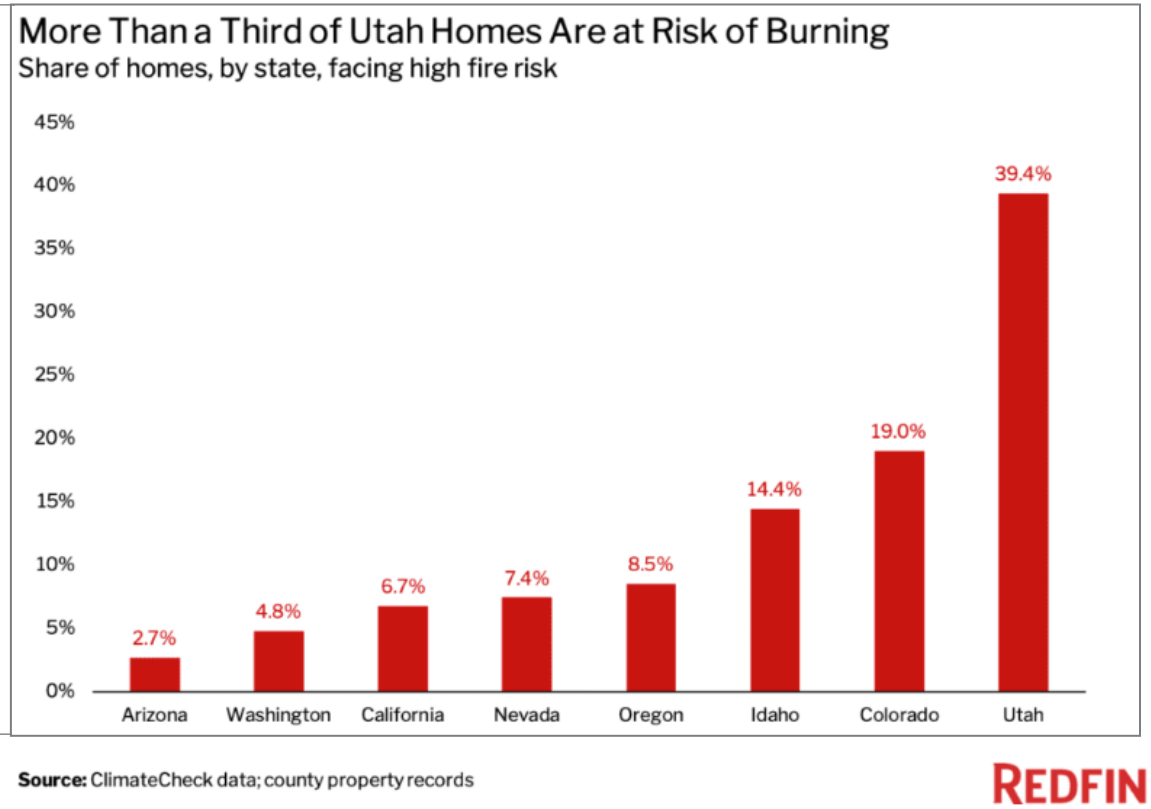


Source: U.S. Bureau of Labor Statistics

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Growth in Wildfire-Prone Areas





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Changing Wildfire Conditions



Temperatures are rising

Average annual temperatures in the Western US have increased 1.9° since 1970.



Snow melts sooner

Winter snowpack melts up to 4 weeks earlier than in prevous decades.



Forests are drier, longer

Conditions are primed for wildfires to ignite and spread.

Source: https://www.ucs.org/resources/infographic-wildfires-and-climate-change

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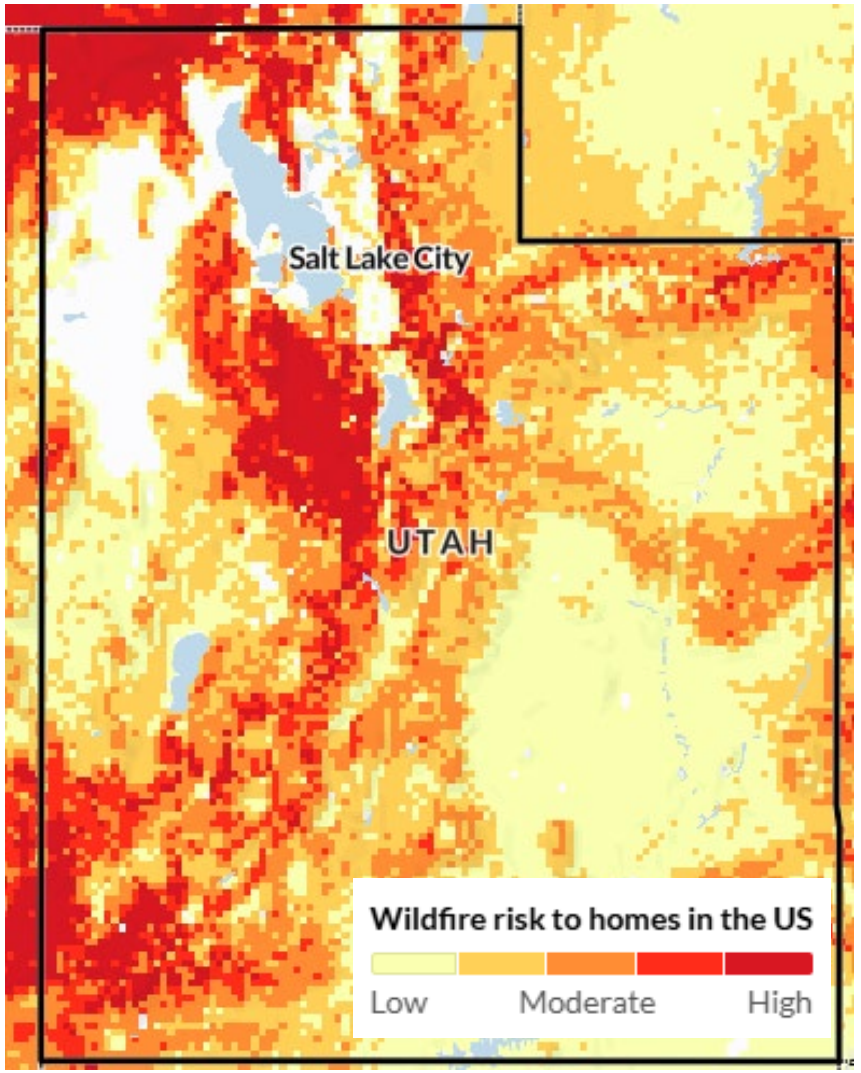
Top 20 Costliest Insured Wildfires in U.S. (since 2017)

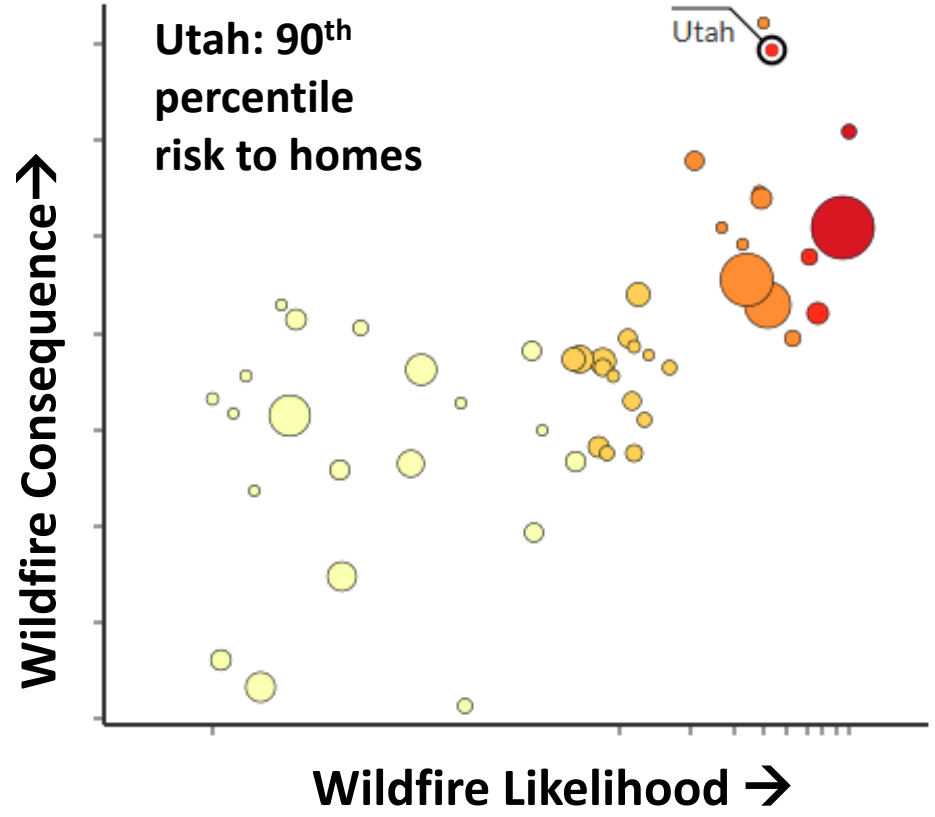


Rank	Insured Losses	Event	Location
1	$40.5 B	2025 LA Fires	California
2	$12.7 B	2018 Camp	California
3	$11.3 B	2017 Tubbs	California
4	$5.3 B	2018 Woolsey	California
5	$4.5 B	2023 Maui	Maui
7	$3.9 B	2017 Atlas	California
9	$3.7 B	2020 Glass	California
10	$3.1 B	2020 CZU Lightning Complex	California
11	$2.9 B	2017 Thomas	California
12	$2.9 B	2021 Marshall	Colorado
13	$2.8 B	2020 LNU Lightning Complex	California
18	$1.7 B	2020 Beachie Creek (aka, Labor Day)	Oregon
19	$1.6 B	2018 Carr	California
20	$1.6 B	2021 Dixie	California

(Source: APCIA, via Aon. Losses adjusted to 2024 dollars, except 2025 LA fires)

Wildfire Risk in Utah





Source: https://wildfirerisk.org/explore/risk-to-homes/

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How Insurers Characterize Wildfire Risk

- Use data-driven research and advanced analytics tools
- Analyze factors like:
  - Property location & proximity to wildlands
  - Vegetation/fuel load
  - Historical wildfire activity
  - Building materials and design
  - Topography and access to emergency services
- Leverage satellite imagery, predictive models, and loss data to assess and price risk accurately



Source: https://wildfirerisk.org/explore/risk-to-homes/

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Wildfire Cat Models & Risk Scores

Examples:

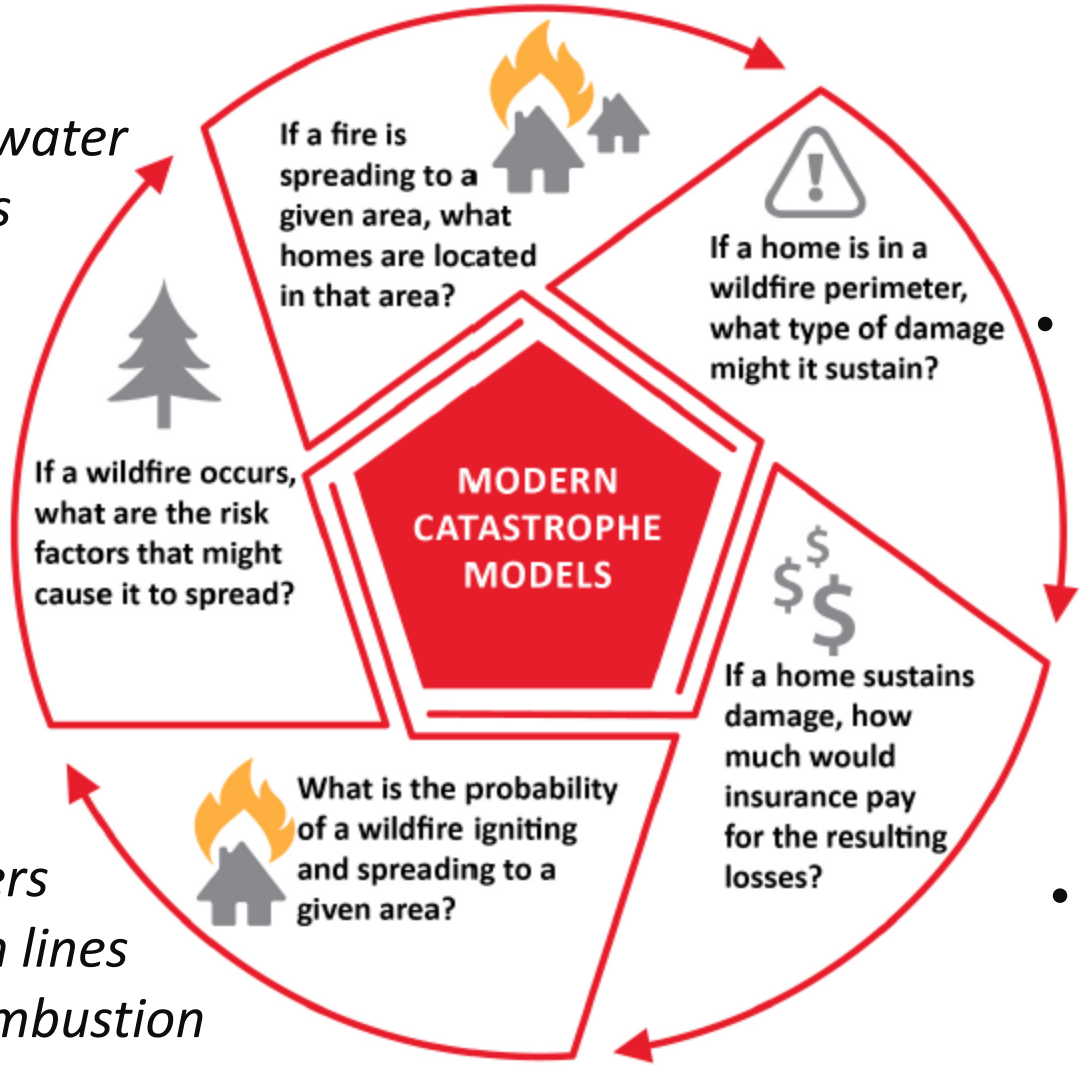
- *Distance to fire station/water*
- *Wind-aligned roads*
- *Access/egress*

Examples:

- *Intensity of fire*
- *Crown fire*
- *Ember cast*
- *Wind speed*

Examples:

- *Historic fire perimeters*
- *Distance to transmission lines*
- *Probability of ignition & combustion*



Examples:

- *Defensible space*
- *Ignition-resistant materials*
- *Historic losses*
- *Insects/disease*

Examples:

- *Reconstruction cost*
- *Personal contents*
- *Additional living expenses*

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Insurers Driving Resilience

- Working with federal & state policymakers
- Supporting resiliency & mitigation programs, such as infrastructure improvements and wildfire solutions
- Advocating for stronger building codes & land use policies
- Funding science-based research into risk mitigation, certification programs
- Advocating for financial support to increase resilience for vulnerable populations
- Investing/underwriting in climate and renewable technology

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My Resilient Home Website

Translating Wildfire Science into Practical Risk Reduction

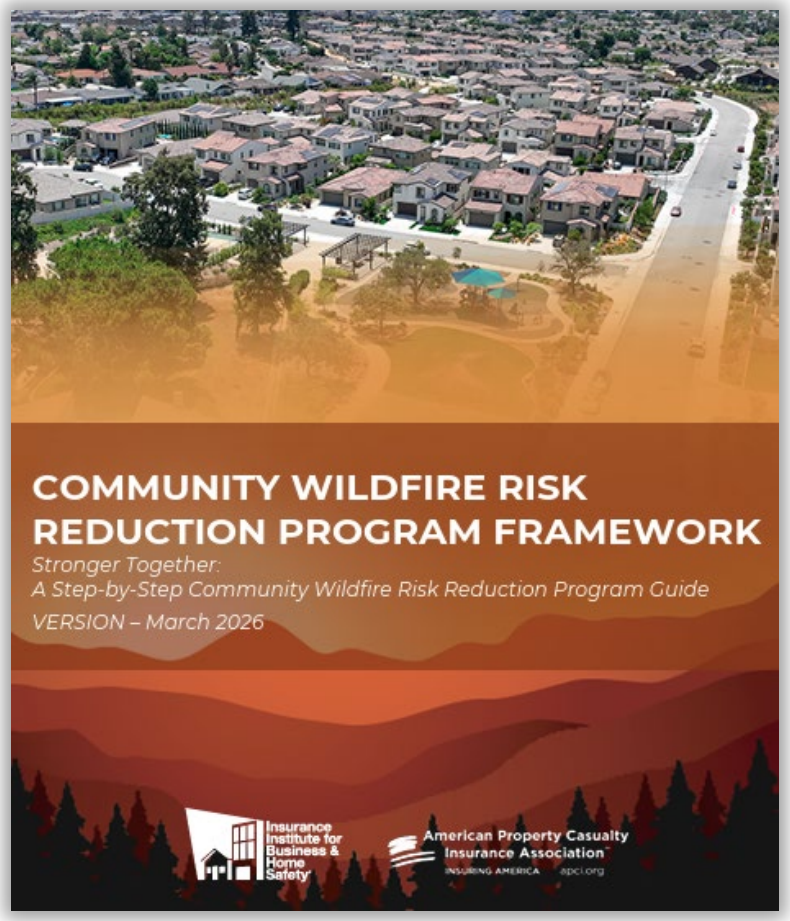
- A homeowner-facing, educational resilience tool that supports safer communities, lower losses, and more stable insurance markets
- Provides clear, science-based guidance to help homeowners reduce wildfire risk through home hardening and defensible space
- Translates IBHS wildfire research into actionable steps, including assessment aligned with Wildfire Prepared Home standards



Source: My-Resilient-Home.com, an APCIA resource built on IBHS Wildfire Prepared Home

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Community Wildfire Risk Reduction Program Framework



- A joint IBHS-APCIA **toolkit** to **help communities implement** wildfire mitigation programs

- What the toolkit provides:
  - Step-by-step guidance to plan, launch, sustain a wildfire risk-reduction program
  - Science-based home hardening and defensible space standards
  - Assessment and training resources
  - Implementation tools and templates
  - Outreach and coordination strategies

Source: IBHS & APCIA, *Community Wildfire Risk Reduction Program Framework* (March 2026, link)

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Key Resilience Strategies



- Enforcement
  - ✓ Adoption and enforcement of modern building codes and defensible space standards (e.g., Zone 0 / Safety Zone)
- Financial Incentives for Resilience
  - ✓ Grants
  - ✓ Low interest loans
  - ✓ Waive/reduce fees
  - ✓ Tax credits
  - ✓ Insurance incentives
  - ✓ Return on investment
- Consumer Tools for Resilience
  - ✓ Mitigation
  - ✓ Catastrophe deductibles
  - ✓ Catastrophe savings accounts

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THANK YOU



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