Wildfires and insurance

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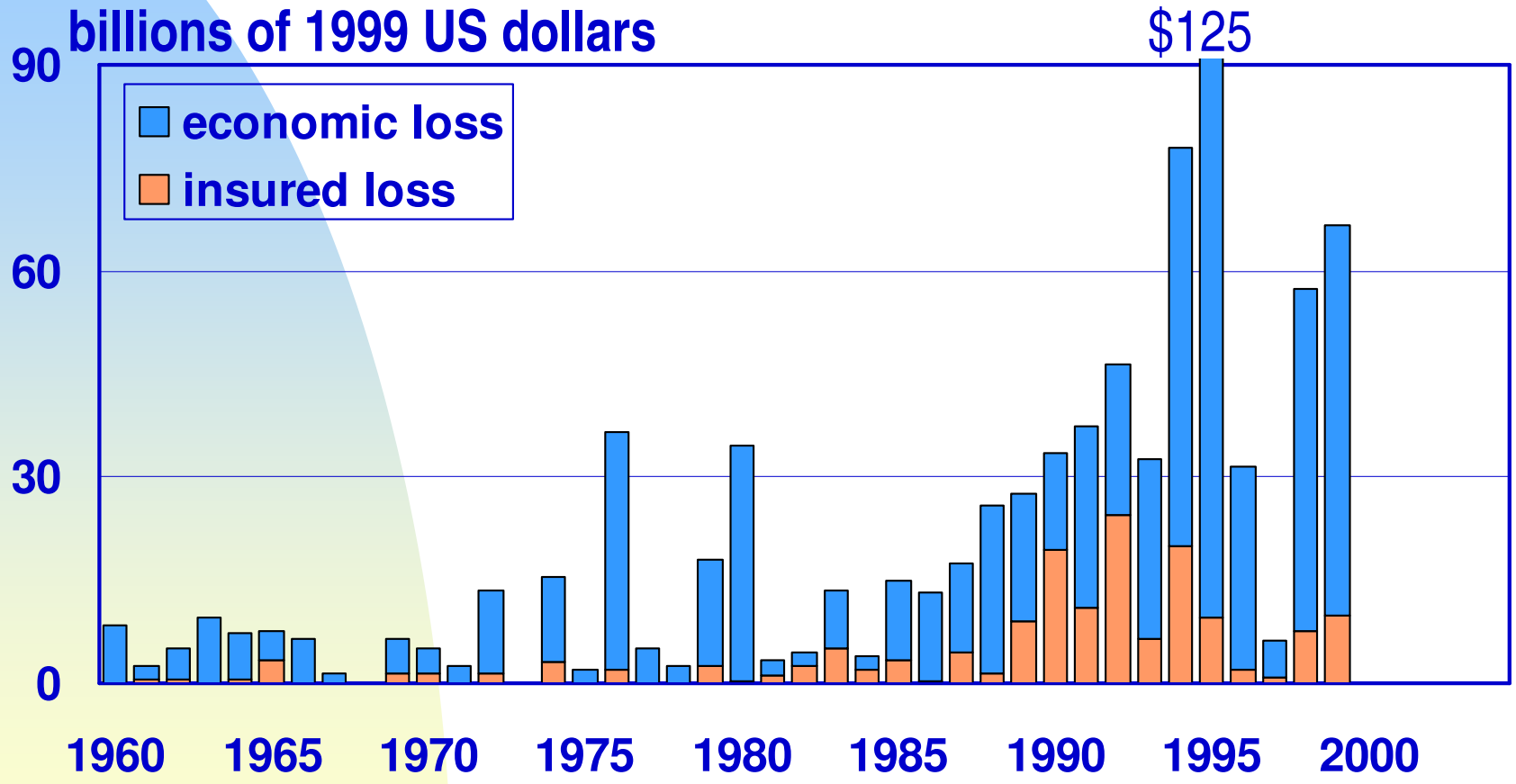
Global natural disaster losses



Source: ICLR, based on data from Munich Re

Wildfires and insurance

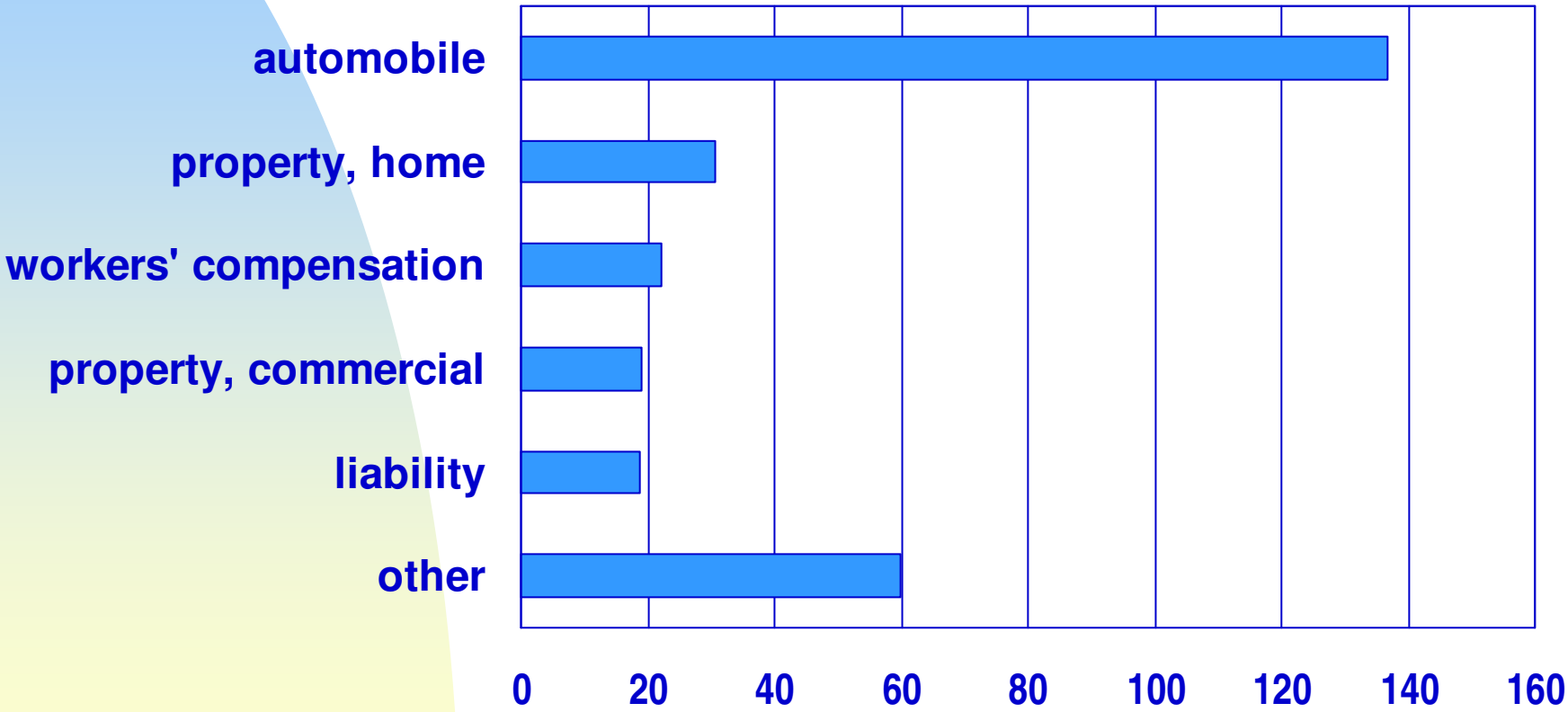
- ***Origins of the insurance industry***
- Trends in wildfire damage
- Role of insurers in wildfire management

Origins of the insurance industry

Great fire of London (1666)

U.S. insurance premiums

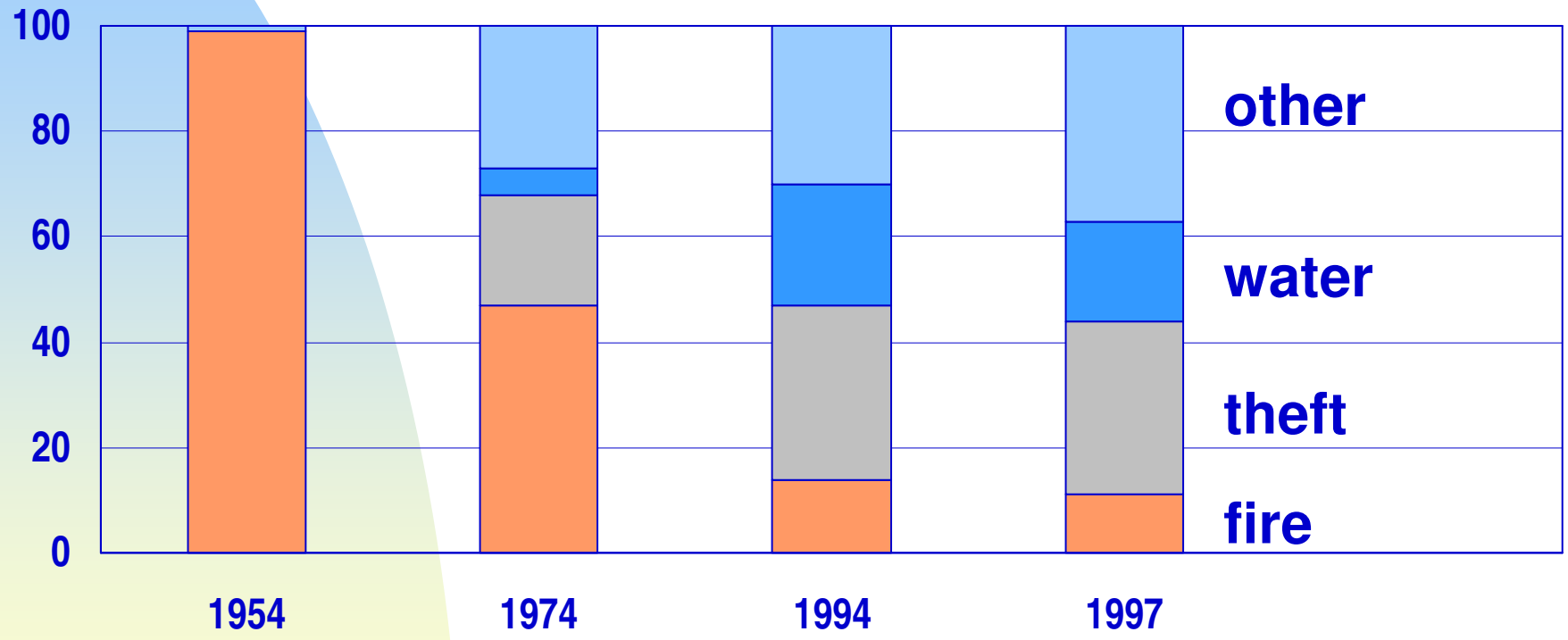
billions of dollars, 1999



Source: ICLR, with data from the Insurance Information Institute

Fire and insurance

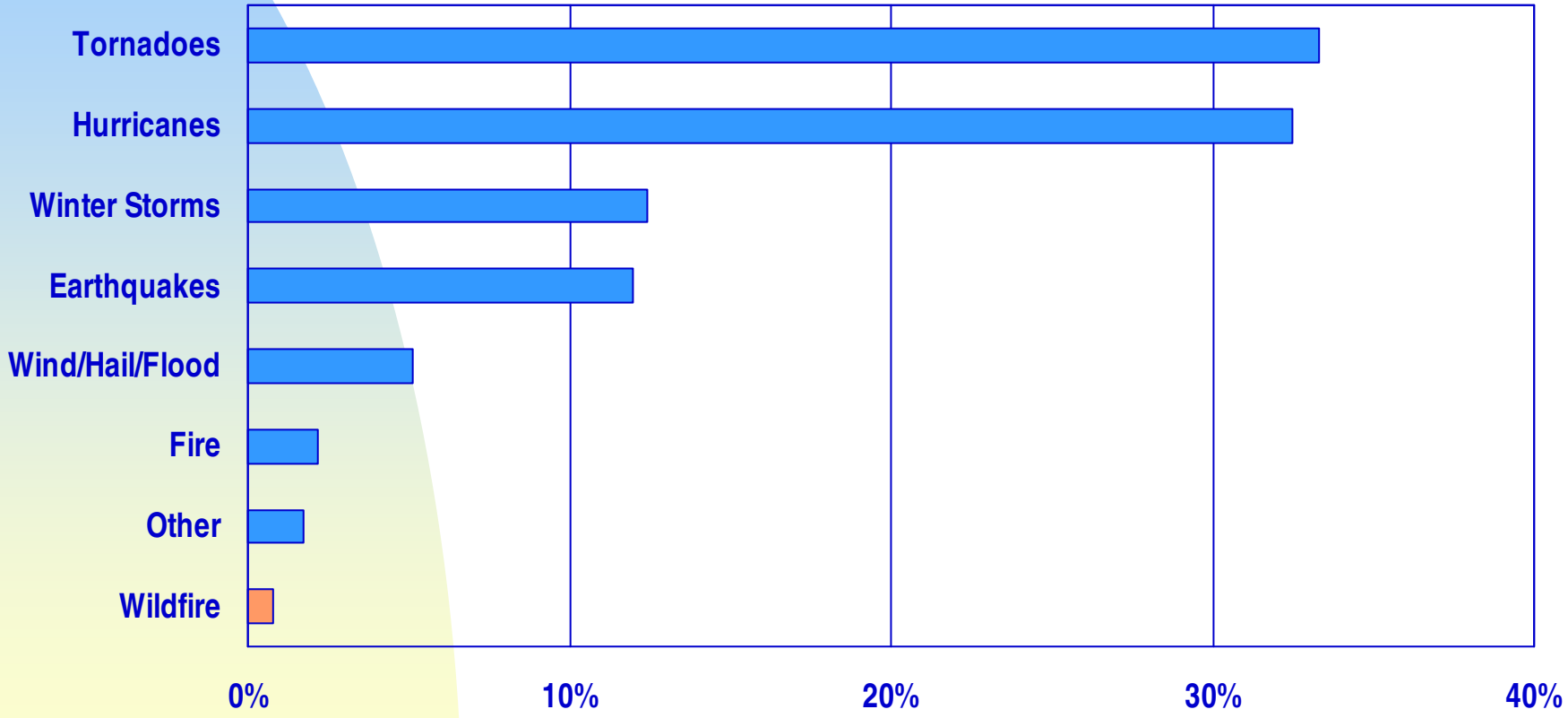
homeowner claims paid, Canada



Source: ICLR, with data from IICC

U.S. catastrophic losses by cause

Inflation adjusted, 1980 - 1999



Source: ICLR, with data from the Insurance Information Institute

Wildfires and insurance

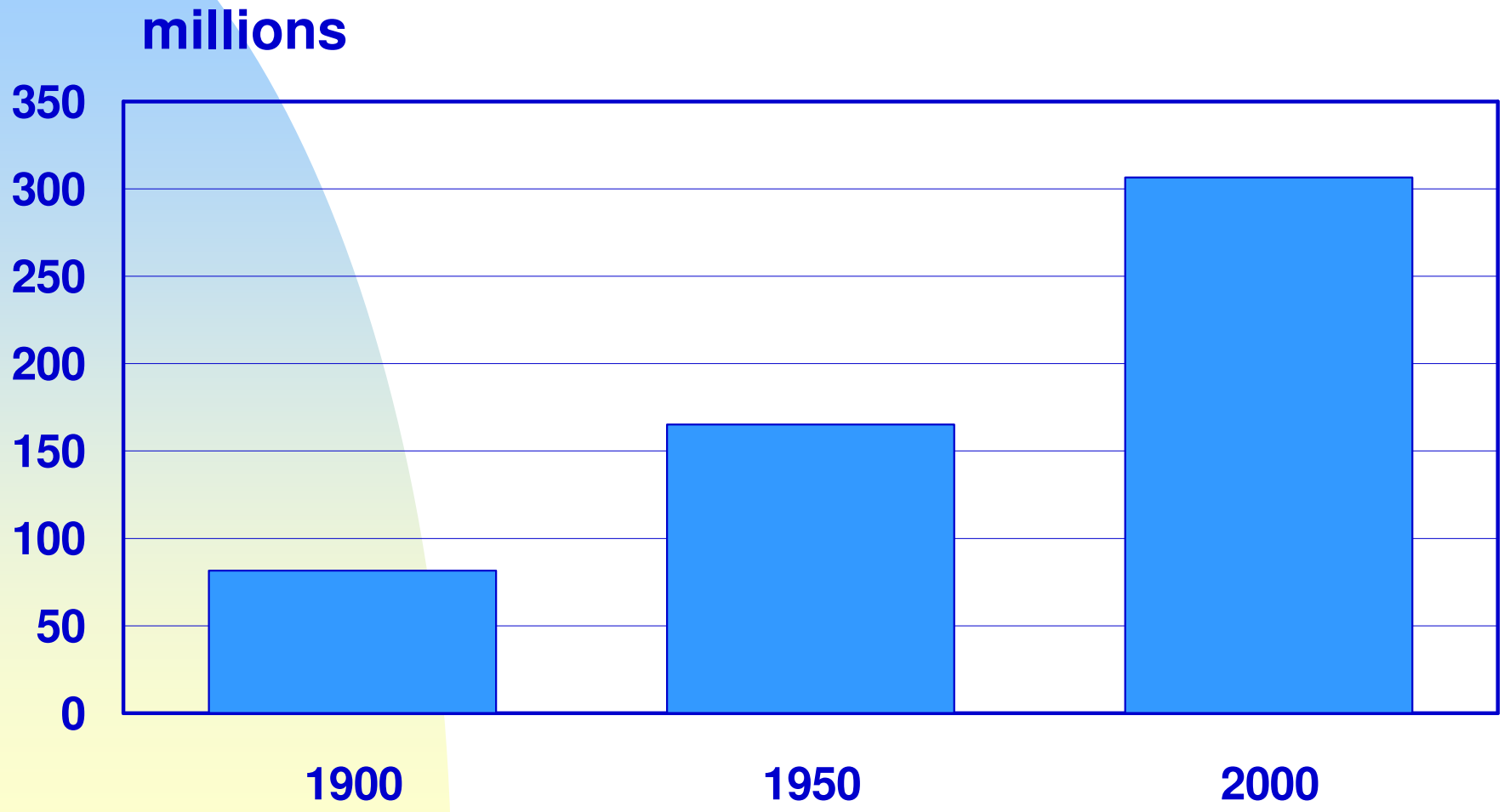
- Origins of the insurance industry
- ***Trends in wildfire damage***
- Role of insurers in wildfire management

Trends in wildfire damage

Why losses are rising

- More people and property at risk
- The climate is changing
- An increase in available fuel

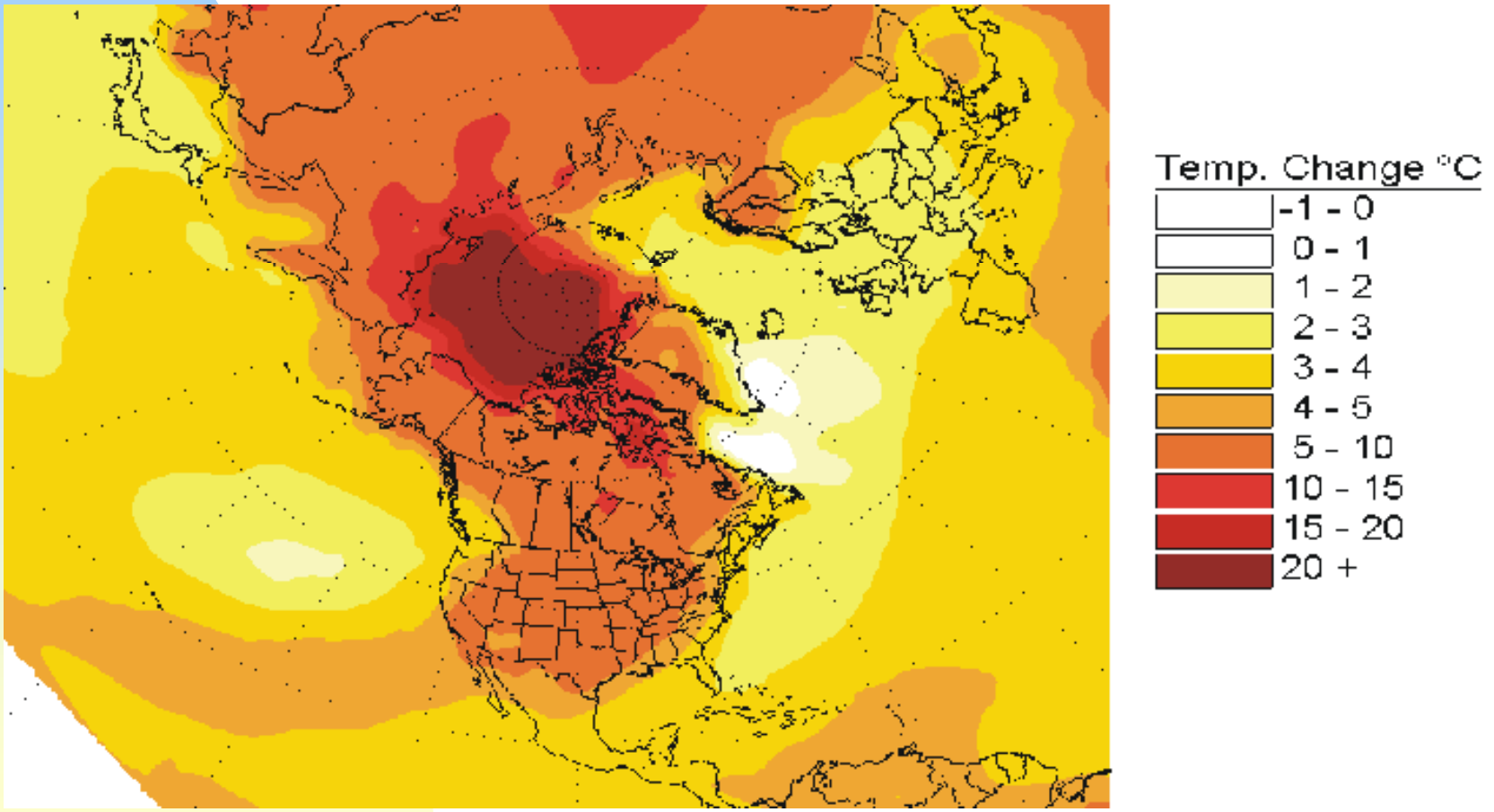
North American population



Source: ICLR, based on data from Statistics Canada and U.S. Bureau of the Census

Projected winter temperature change

between 1975-1995 and 2080-2100, Canadian Climate Change Model



Source: Meteorological Service of Canada, Environment Canada.

Increased available fuel

- Decades of effective fire suppression have increased the fuel available to burn

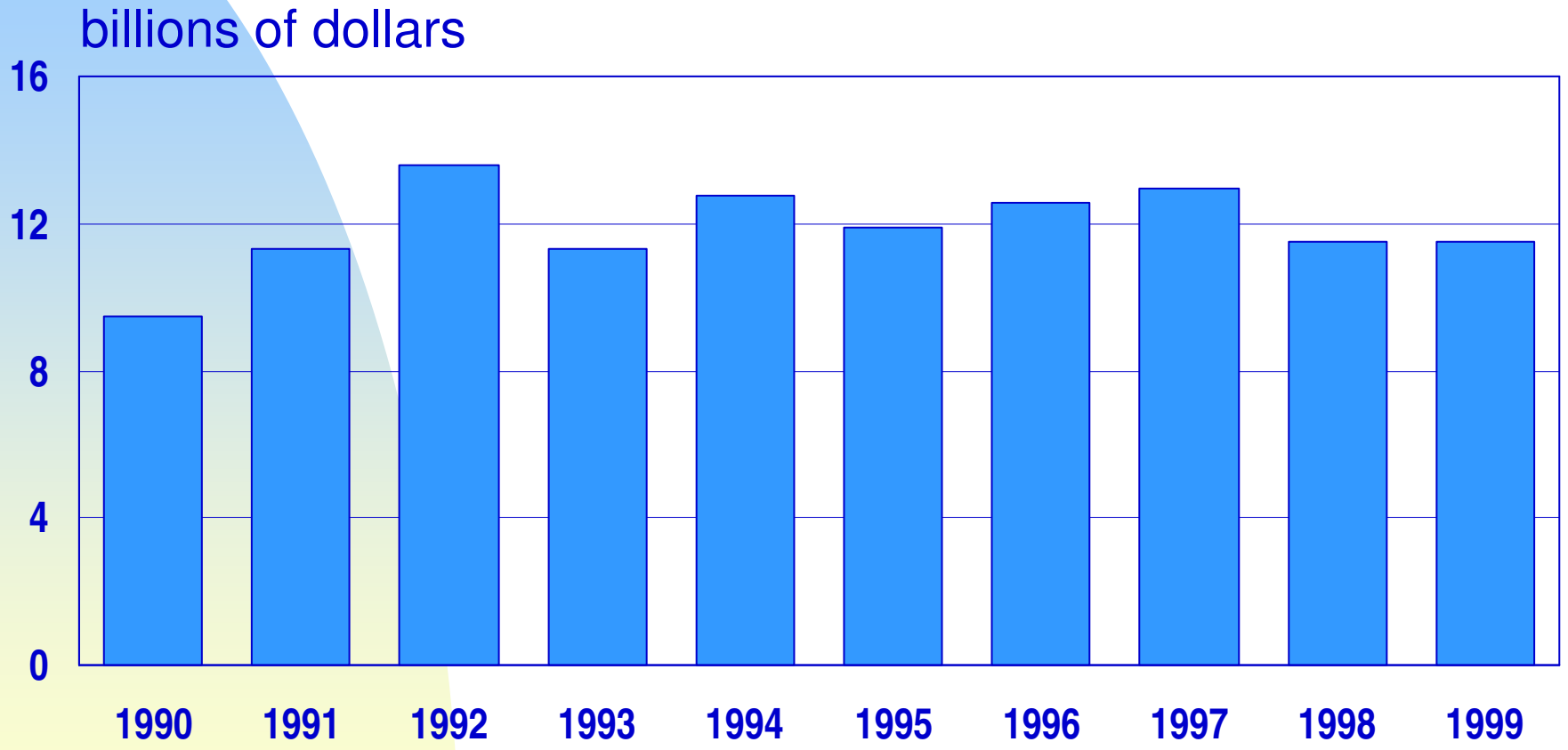
Wildfires and insurance

- Origins of the insurance industry
- Trends in wildfire damage
- ***Role of insurers in wildfire management***

Role of insurers

- Compensation for fire loss
- Public education
- Incentives for property owners
- Land use planning

Compensation for U.S. fires



Source: ICLR, with data from the Insurance Information Institute

Public education

- Consumer information
- Supporting research on wildfires
- Industry awareness

Insurance incentives

Approved Roof

Code	Exposure Distance in Feet	Class of Protection						
		1 - 4		5 - 6		7 - 8		9 - 10
		Col. A*	Col. B**	Col. A*	Col. B**	Col. A*	Col. B**	Col. B**
1	Under 30’	0.63	0.63	0.75	0.75	1.01	1.01	2.01
2	30’–59’	0.44	0.57	0.57	0.75	0.88	0.88	2.01
3	60’–99’	0.31	0.44	0.38	0.5	0.5	0.5	2.01
4 –5	100’–199’	0.13	0.25	0.19	0.38	0.38	0.38	1.76
6 – 7	200’-299’	0	0	0	0	0.25	0.25	1.26
8 – 9	300’-399’	0	0	0	0	0	0	0.75
10	400’	0	0	0	0	0	0	0

Unapproved Roof

Code	Exposure Distance in Feet	Class of Protection						
		1 - 4		5 - 6		7 - 8		9 - 10
		Col. A*	Col. B**	Col. A*	Col. B**	Col. A*	Col. B**	Col. B**
1	Under 30’	0.79	0.79	0.94	0.94	1.26	1.26	**2.52**
2	30’–59’	0.55	0.71	0.71	0.94	1.1	1.26	2.25
3	60’–99’	0.39	0.55	0.47	0.63	0.63	0.94	2.52
4 –5	100’–199’	0.16	0.31	0.24	0.47	0.47	0.63	2.2
6 – 7	200’-299’	0	0	0	0	0.31	0.47	1.57
8 – 9	300’-399’	0	0	0	0	0	0	0.94
10	400’	0	0	0	0	0	0	0

Source: ISO

Land use planning

- Insurance advocacy
- Land use planning priority
- Need adequate fire management resources

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Role of insurers

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- Land use planning