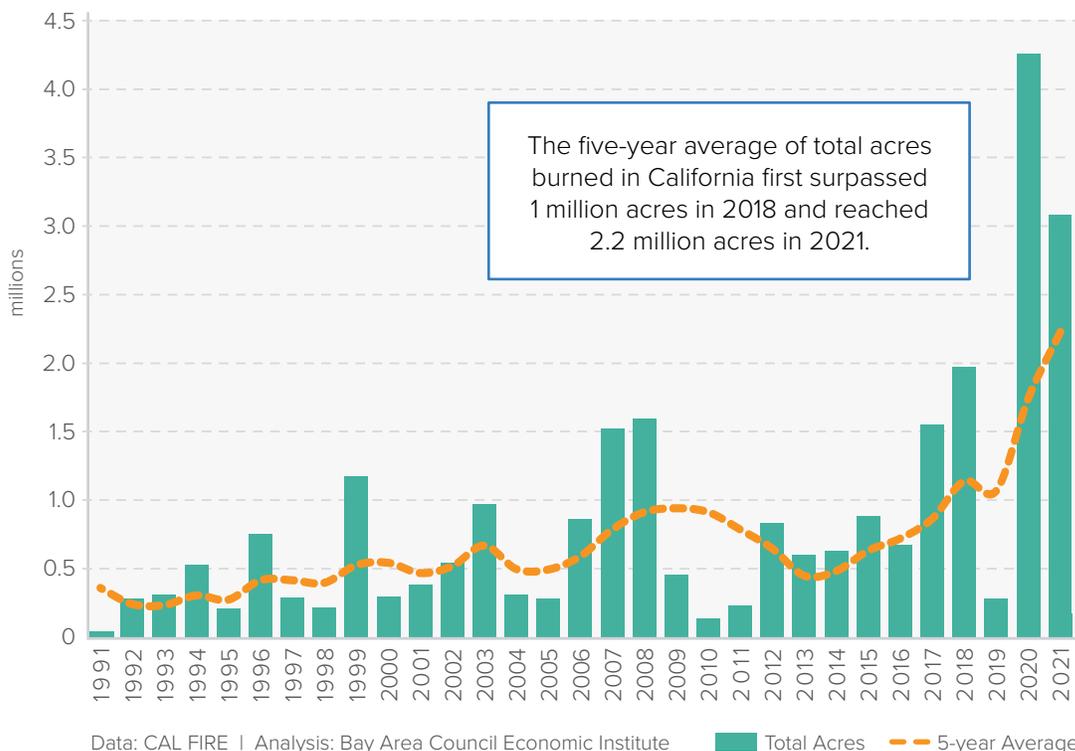


# Wildfire: State of the Risk

Wildfires in the United States are starting earlier, inflicting greater losses, occurring in more states, and taking more time to suppress. As many as 90 percent of U.S. wildfires are caused by people, according to the U.S. Department of Interior. Human-caused fires can result from campfires left unattended, burning of debris, downed power lines, negligently discarded cigarettes, and intentional acts of arson. The remaining 10 percent are started by lightning or lava.

State and local authorities have worked hard and invested a lot of money to mitigate the human causes of wildfire. Then along comes an anomalous event like the [2020 “lightning siege”](#) – the first since 2008 – that reinforces the need for a [resilience mindset](#) on the part of more than just state and local authorities.

## Annual Wildfire Acres Burned in California with 5-year moving average (1991-2021)



### Fast Facts



**90%** of wildland fires in the U.S. are caused by people.\*



The cost to fight wildfires is about **\$50,000 per acre**. The cost of wildfire mitigation is about **\$1,500 per acre**\*\*.

Learn More with Triple-I's [Facts + Stats: Wildfire](#)

Wildfire has gone beyond being a seasonal risk-mitigation matter – in California, it's transforming the health and economic conditions of the state.

The [Bay Area Council Economic Institute](#) in 2021 released a report – [The True Cost of Wildfires: Analyzing the Impact of Wildfires on the California Economy](#) – that quantifies the health and economic impacts of wildfires and outlines recommendations to help protect the region and state against them.

Note: 2021 acres burned is a preliminary estimate through 11/8/2021

## A costly national peril

In 2020, there were 58,950 wildfires in the United States, compared with 50,477 in 2019, according to the [National Interagency Fire Center](#). About 10.1 million acres were burned in 2020, compared with 4.7 million acres in 2019. The 2021 wildfire season was similarly severe, with catastrophe-modeling firm [RMS estimating insured losses](#) from the record-breaking western U.S. wildfires will be between \$7 billion and \$13 billion. In Colorado, 2022 began with the devastating Marshall fire, which catastrophe modeler [Karen Clark & Co.](#) estimates will cost insurers around \$1 billion.

Wildfire prevention and mitigation isn't just an issue for California and other states in which much of the out-of-control burning occurs. It's increasingly a [national public health issue](#) as the smoke – full of dangerous particles – makes its way across the region and the rest of the country.

The bipartisan [federal Infrastructure and Jobs Act of 2021](#), signed into law by President Biden includes:

- **\$600 million** to convert 1,000 seasonal federal wildland firefighters to permanent year-round positions and increase pay for federal firefighters by up to \$20,000 per year;
- **\$3.3 billion** for critical wildfire risk-reduction efforts;
- **\$5 billion** for utilities and grid operators to bury power lines and install fire-resistant technologies to prevent wildfires, as well as expand use of micro-grids to reduce the impact of power shutoffs;
- **\$3.5 billion** for the weatherization assistance program to help homeowners make energy-efficiency and fire-resistance improvements to their homes.

U.S. Sen. Michael Bennet (D-CO) [told Thomson Reuters](#) that, in 2021, “Smoke finally made it to the East Coast – and I think people on the East Coast started to grasp the urgency of the situation.” Sen. Bennet is a sponsor of the [Outdoor Restoration Partnership Act](#), which would invest in forest and watershed restoration and support local efforts to mitigate wildfire risk.

## Homeowners insurance availability

The increased number and severity of wildfires increase in recent years led to a sharp rise in insurers' decisions not to renew or write new homeowners insurance policies in California. The [California Department of Insurance](#) and admitted insurers are working to find solutions to encourage mitigation measures while keeping insurance available and affordable in wildfire risk areas. Homeowners whose risk is too great to obtain coverage in the private market can buy coverage from the insurer of last resort, the [California FAIR Plan](#), which has higher premiums and limits on coverage.

The number of homeowners “non-renewed” [fell 10 percent in 2020](#) from the previous year; at the same time, however, the number of consumers in FAIR increased by 49,049 policies, to 241,466 new and renewed policies.

“More communities are rolling up their sleeves to protect their homes from wildfire,” Insurance Commissioner Ricardo Lara said in a [press release](#). “And more insurance companies are heeding my call to give incentives for home safety.”

## Annual Insurance Checkup (from the Stronger California Coalition)

- Did I update my policy after home improvements?
- Do I need extended replacement cost coverage to cover demand surge?
- Does my policy include an annual adjustment for inflation?
- Is square footage accurate in my policy?
- Does my policy reflect the right number of bedrooms, bathrooms, doors & windows?
- Does my policy reflect my home's finishes, like granite countertops or hardwood floors?
- Do I need a separate flood or earthquake policy?

## Triple-I tips:

- Have an evacuation plan.
- Check with your insurer to see if you're eligible to collect additional living expenses (ALE).
- File a claim as soon as you are aware of damages to your property. Take photos of damage prior to making repairs.
- Only use licensed contractors and beware of contractor fraud. Save receipts to give to your insurance claim adjuster.
- Fire-damaged autos are covered under the [optional comprehensive coverage](#) on your auto policy.