Wildfire: Resilience Collaboration & Investment Needed

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The number of wildfires reported and acres burned nationwide in 2024 was noticeably higher than five- and 10-year averages, according to the National Interagency Coordination Center (NICC).

"Nationally, 64,897 wildfires were reported in 2024, compared to 56,580 wildfires reported in 2023," the center reported in its Wildland Fire Summary and Statistics Annual Report 2024. "Reported wildfires consumed 8,924,884 acres, compared to 2,693,910 acres in 2023."

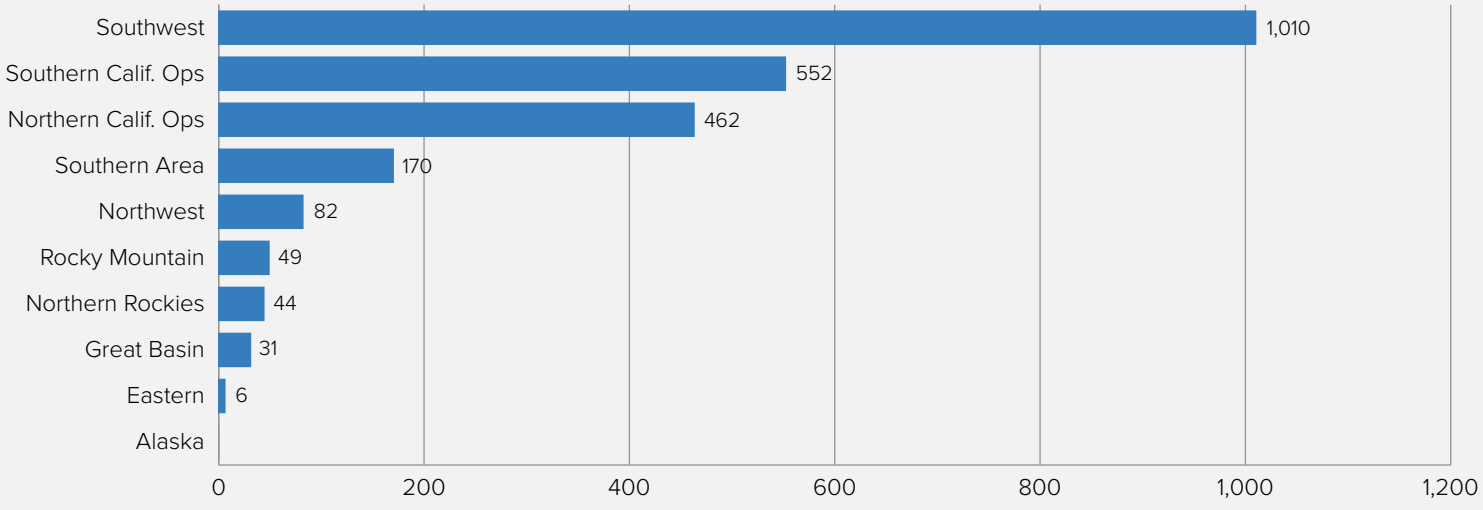
Seven out of the 10 geographic areas experienced above-average numbers of wildfires and acres burned, the center said. The Southern Area had the highest number, while the Northwest Area had the greatest number of acres burned.

A total of 4,552 structures were reported destroyed by wildfires, including 2,406 residences, 2,066 minor structures, and 80 commercial/mixed residential structures.

The 2024 wildfire season in the South and Southwest was severe, marked by such events as the Texas and Oklahoma Panhandle fires in February and March and several significant blazes in Arizona and New Mexico. The National Oceanic and Atmospheric Administration (NOAA) reported that multiple massive wildfires ignited across Texas and Oklahoma on February 26, 2024, as high winds and dry conditions plagued the region. Exacerbated by a cold front that crossed the Central Plains, the blazes grew rapidly over the following 36 hours. The biggest of these – the Smokehouse Creek Fire in the Texas Panhandle – burned over one million acres, becoming the largest wildfire in Texas state history. It was responsible for burning over a hundred miles of power lines, thousands of cattle, and at least 30 homes. It also consumed over 30,000 acres of grasslands in Oklahoma, where it was responsible for two fatalities and the loss of over 100 homes.

As a result, the NICC's Southwest Area accounted for the largest number of residential structures destroyed by wildfire, and three of the top five areas for homes destroyed were in the South (see chart below).

Residential Structures Destroyed, 2024



Source: Triple-I analysis of NICC data.

California – often thought of as the poster child for wildfire – is part of the "North Ops" and "South Ops" areas, reflecting, in part, the different fire attributes of the northern and southern halves of the state. As shown in the table to the right, the Golden State in 2024 accounted for, by far, the largest number of homes at risk for extreme wildfires.

In the first half of 2024, California experienced an above-average number of fires, though most were contained before growing to "major incident" size. Subsequent rains from "atmospheric rivers" suppressed subsequent wildfire conditions – and prompted substantial flooding.

This rain, however – combined with back-to-back wet years – contributed to an accumulation of grasses and other fuels accumulating in the mountains and foothills. When hurricane-force Santa Ana winds whipped through Los Angeles County in early January 2025, the conditions were right for fast-moving blazes to tear through Pacific Palisades and Eaton Canyon. Risk management firm Milliman estimates the insured losses for these fires at between $25.2 billion and $39.4 billion, based on California Department of Forestry and Fire Protection (CAL FIRE) and Federal Emergency Management Agency (FEMA) data.

Colorado officials said they expect a "normal" fire season this year in 2025 – which still translates to roughly 6,000 wildfires statewide.

"Some will get big, and we're going to be busy," said Stan Hilkey, executive director of the state's Department of Public Safety. "That's what 'normal' looks like for Colorado."

Resilience investment is key, and one size does not fit all

Wildfire risk is strongly conditioned by geographic considerations that vary widely by state and even within states. Temperature, humidity, wind, and topography vary too widely for a single "one size fits all" mitigation approach.

This underscores the importance of granular data gathering and scrupulous analysis when underwriting and pricing insurance. Even in states that are heavily exposed to wildfire risk, pockets of potentially profitable business exist. They just have to be identified. Use of sophisticated modeling and analytical tools is critical.

Homes at Risk for Extreme Wildfires, By State, 2024

Rank	State	Number of housing units
1	California	1,258,748
2	Colorado	321,294
3	Texas	244,617
4	Oregon	129,567
5	Arizona	124,603
6	New Mexico	120,093
7	Idaho	104,782
8	Montana	88,102
9	Utah	67,023
10	Washington	59,563
11	South Dakota	26,697
12	Nevada	22,768
13	Wyoming	16,215
14	Oklahoma	1,624

Source: Cotality, a property data and analytics company.

It is also important that insurers proactively engage with diverse stakeholder groups to promote investment in mitigation and resilience. This goes for all climate-related perils, but it is particularly important in the case of wildfire. One homeowner's investment in pre-emptive mitigation of fire damage can be quickly undone by the failure of neighbors to invest in similar measures. With more people moving into the wildland urban interface (WUI), communities must work together. Insurers are well-suited to inform and support these efforts, but homeowners and businesses need to present a united front to drive adoption of modern building and land-use codes.

Triple-I and its members are involved in a variety of resilience collaborations related to wildfire and other perils and would be happy to discuss them with interested parties.