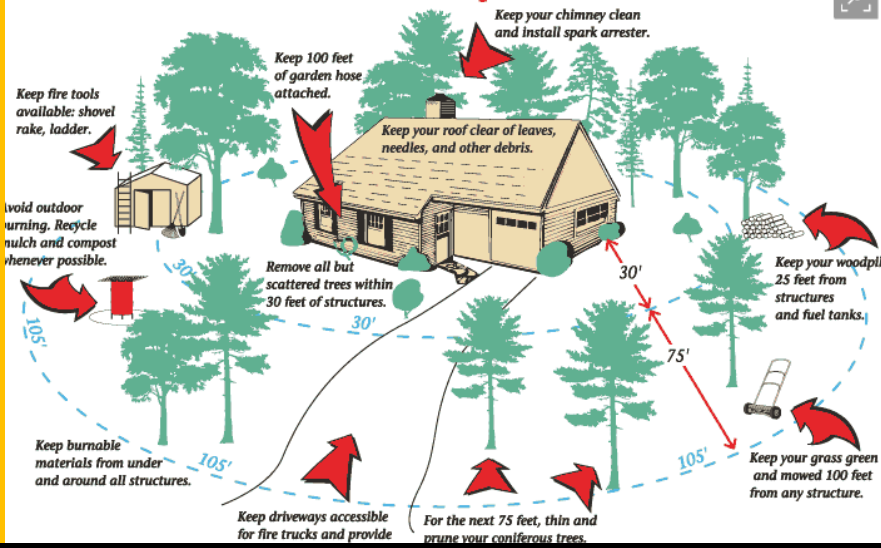
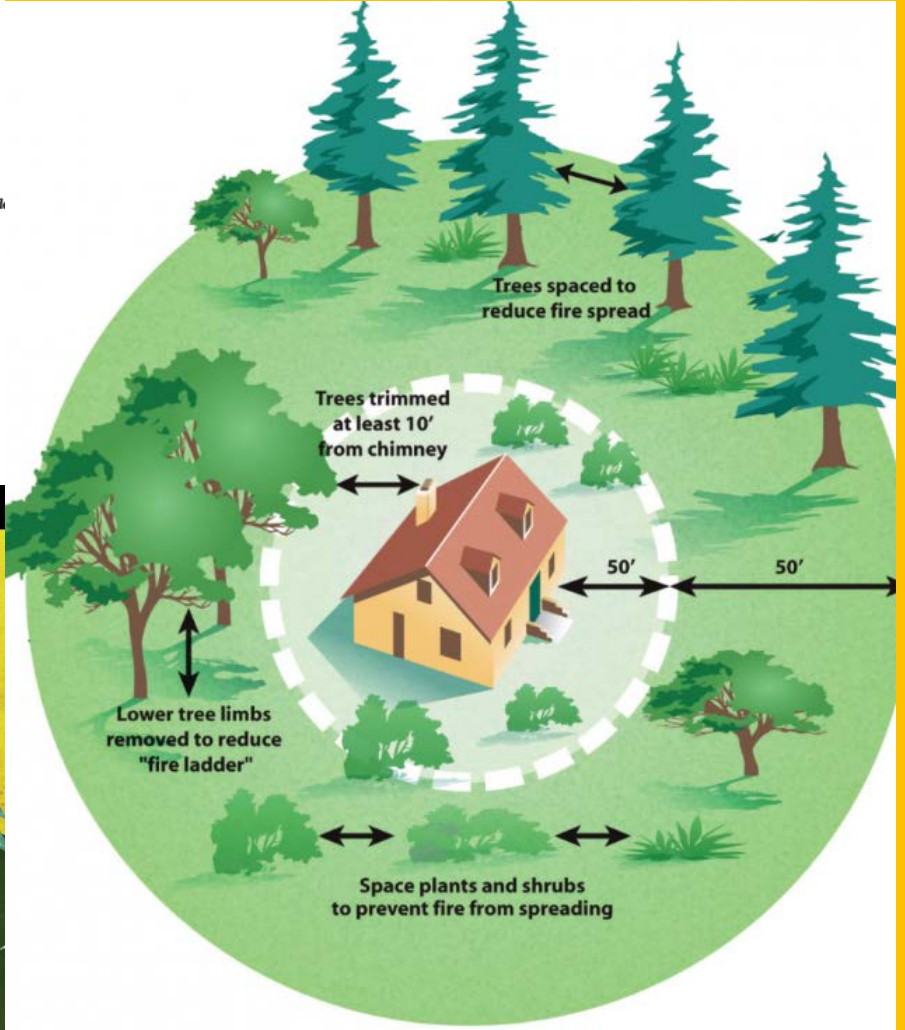
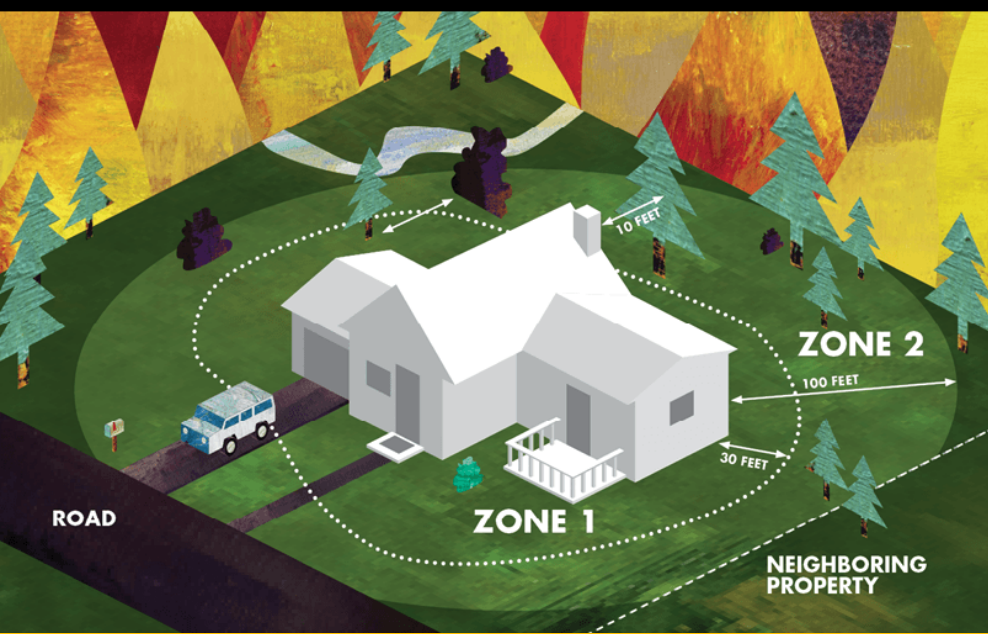


# WHAT YOU CONTROL

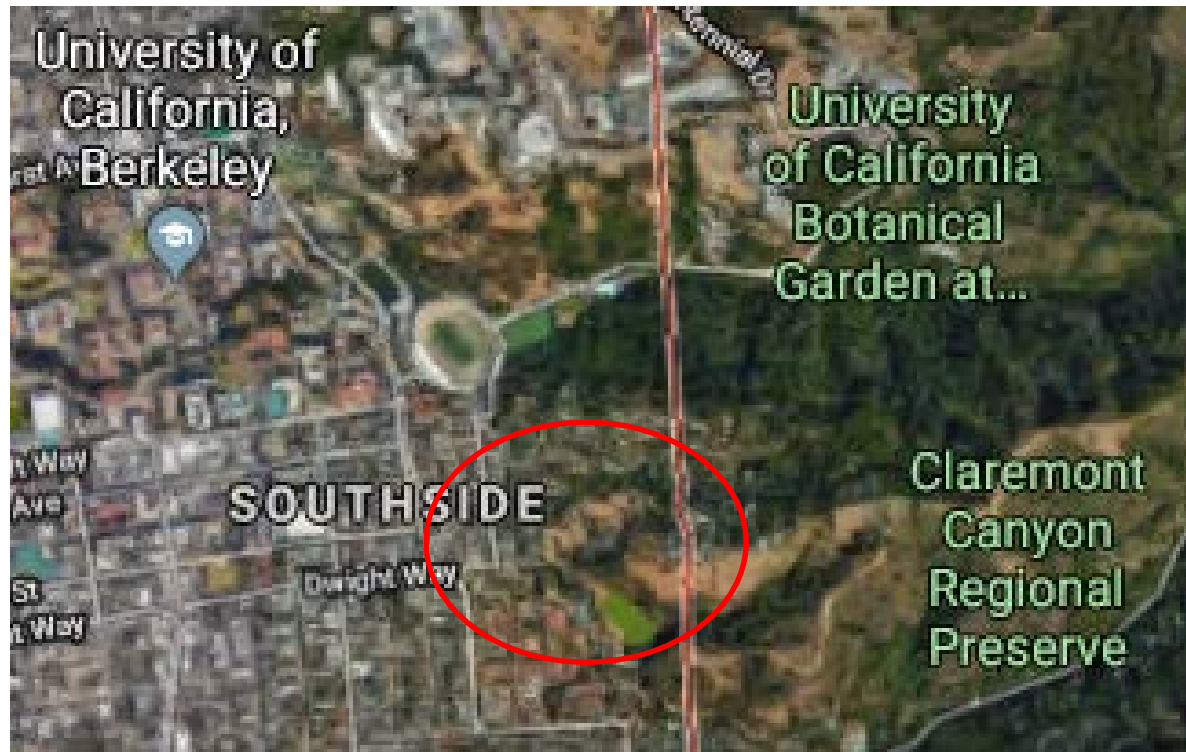
## Are You Prepared?



### DEFENSIBLE SPACE ZONES



# WHAT THE INSURER CONSIDERS



# UNDERWRITING LAWS

- Eligibility guidelines for new and renewals must have an objective relation to the insured's relative loss exposure – they must not be unfairly discriminatory
- The insurer must provide 45 days notice of nonrenewal
- And provide the applicant or insured with the specific reason for the declination or nonrenewal

# INSURANCE RATES

- Based on past experience
- Projected for the upcoming year
- Loss results for the insured population are segmented for separate consideration of the results for each rating factor (examples):
  - Age of home
  - Protection class
  - Type of roof
  - Wildfire score
- Catastrophe losses are placed into 20+ year average and applied to the non-cat losses

# FAIR PLAN GROWTH

California FAIR Plan Association						
Distribution of Dwelling Policies by FireLine Groups						
	12/31/2014	12/31/2015	12/31/2016	12/31/2017	change from 2014 to 2017	
No B/W Exposure*	98,194	95,282	91,277	86,561	-11,633	
<u>Low B/W Exposure*</u>	<u>6,096</u>	<u>6,281</u>	<u>6,220</u>	<u>6,176</u>	80	
<b>Urban</b>	<b>104,290</b>	<b>101,563</b>	<b>97,497</b>	<b>92,737</b>	<b>-11,553</b>	
Medium B/W Exposure*	18,536	20,456	23,039	26,163	7,627	
<u>Extreme B/W Exposure*</u>	<u>3,861</u>	<u>3,965</u>	<u>4,154</u>	<u>4,269</u>	408	
<b>Brush</b>	<b>22,397</b>	<b>24,421</b>	<b>27,193</b>	<b>30,432</b>	<b>8,035</b>	
<b>Dwelling Total</b>	<b>126,687</b>	<b>125,984</b>	<b>124,690</b>	<b>123,169</b>	<b>-3,518</b>	
<b>Urban % of book</b>	<b>82.3%</b>	<b>80.6%</b>	<b>78.2%</b>	<b>75.3%</b>		
<b>Brush % of book</b>	<b>17.7%</b>	<b>19.4%</b>	<b>21.8%</b>	<b>24.7%</b>		
<b>No B/W Exposure - Fireline Scores 0 - 1 and SHIA = No</b>						
<b>Low B/W Exposure - Fireline Scores 0 - 1 and SHIA = Yes &amp; Fireline Scores 2 - 3 and SHIA = Yes or No</b>						
<b>Medium B/W Exposure - Fireline Scores 4 - 12 and SHIA = Yes or No</b>						
<b>Extremem B/W Exposure - Fireline Scores 13 - 30 and SHIA = Yes or No</b>						

In the last 4 years CFP policies written in Brush/Wildfire areas has increased from 22,397 policies to 30,432 policies - a 36% increase.

# INSURANCE ISSUES THAT ARISE AFTER A WILDFIRE

- Demand Surge
- Underinsurance
- Lack of available housing, labor
- Inventory of Personal Property
- Time limitations on coverages

A separate concern, impact on the community...

# NEW ENTRANTS? NEW SCIENCE?

Will new insurers enter into the high risk market to write the best of the risks that the current insurers miss?

e.g., Spinnaker

Will new technology or updates to existing models provide more detailed analysis to identify the best of the risks that the current models miss?

e.g., Weather Analytics, FireLine 5.0, CoreLogic 7

Solutions posed in the Insurance Innovations session? Underwriting Drones? Non-combustible construction?

