

**AS THE INTENSITY OF WILDFIRES RISE YEAR AFTER YEAR,  
THE INSURANCE PREMIUMS INEVITABLY CONTINUE TO INCREASE.**

**8 OF THE 10 LARGEST FIRES IN CALIFORNIA HISTORY HAVE ERUPTED IN THE LAST DECADE**

**IN 2020, MORE THAN 4,190,000 ACRES IN CALIFORNIA HAVE BURNED**



Ask not, "When will the fire damage our property?"

**Ask, "How are we going to better prepare and adapt?"**

## **PREPARATION STARTS WITH EDUCATION**

Why are your insurance premiums increasing if your property hasn't been directly affected? First, let's understand that the business of the insuring companies is to pool together risk in order to determine the level of coverage they are willing to commit. So, when the insurance pool as a whole experiences loss, that affects EVERYBODY in that group and raises rates accordingly for EVERYONE.

But with the ever-increasing risk of wildfire intensity and impact, the industry is also witnessing insurance companies now refusing to underwrite in these susceptible areas. This isn't arbitrary. This is supply and demand: if there is a shortage of insurance companies issuing coverage, the cost of insurance will go up.

**HOMEOWNERS ARE SEVERELY UNDERINSURED.**

Consider also that industry reports have determined that the majority of homeowners affected by wildfires are severely UNDERINSURED. Owners should understand that the cost to rebuild after a disaster may be far greater than they have anticipated. Insurance valuation software is frequently too low and likely does not contemplate factors like debris removal, building code upgrade expenses, or demand surge.

This epidemic of underinsurance is also contributing to the rising costs of insurance. For many years, insurance companies haven't been collecting adequate premiums for the exposure. Adequate premiums during the years when there weren't catastrophic fire losses occurring would have helped to offset the present situation – but since the premiums have been too low for many years, they're now having to play catch-up, and this exacerbates the current rate increases.

**INSURANCE COMPANIES ARE NON-RENEWING.**

## **BEST PRACTICES**

- Vet your insurance rep so they are looking out for your best interests, not their own pocket.
- Document (with video) your existing structure and its contents for record.
- Implement proper mitigation procedures so you can request for mitigation premium credit.