

Wildfire

Mitigation Solutions for California Property Insurers



Wildfires are a part of California's history, and with a continually evolving climate, we must adapt and improve how we manage this risk. Over the past five years wildfires have been particularly devastating across the state.

Translation?

Thousands of California wildfires burning millions of acres, with a five-year average of 7,406 fires and 2,106,210 acres scorched.

The California Department of Insurance (CDI)'s Regulatory Response



The CDI is now requiring insurance carriers to incorporate 12 mitigation factors into their rating plan. In turn, there will be credits associated with each of these mitigation actions that a property owner takes.

Of course the new requirements make sense. Still, they do create challenges for insurers as they must incorporate additional science and functionality into their rate plans and workflows in just a matter of months.

A Tool For Insurers: CoreLogic® Wildfire Mitigation Score™

A comprehensive risk score on a scale of 0.1 - 100 that evaluates the mitigation factors of a community, property, or structure.

It is a simple way for insurers to measure the risk and associated mitigation as required by the CDI. The lower the score, the lower the risk of wildfire to the property or area in question.

This score is designed for insurers to incorporate into their rating system to help insurers comply with new CDI standards.

0.1

48

100

Filing a new risk scoring system with the CDI is no small task. There are so many burning questions that insurance carriers are pondering right now:

How Can You Stay Compliant With New CDI Requirements?



What's the foundation for updating our rating model to include the mandatory factors set by the CDI?

CoreLogic's Wildfire Mitigation Score will function as the foundation of your new rating system. To help carriers achieve compliance, this score takes all 12 mandatory factors into account. The 0.1-100 scoring range makes it easy to incorporate into your existing rating system.

Wildfire Mitigation Score is backed by science and technology that makes it extremely reliable. We leverage Artificial Intelligence (AI) and Machine Learning (ML) to identify which mitigating factors are in place for different structures.

Okay, but, how can we streamline into our operational workflows?

We understand the need for efficiency and integration into carrier's workflow. It can be integrated into existing programs, including RiskMeter, other programs through API's, or through batch delivery.



How can we successfully file with the CDI and make the filing deadline?

CoreLogic is your trusted advisor. If you have any questions or need help as you update your rating system, you can use us. CoreLogic has access to decades of knowledge and guidance from in-house actuaries. CoreLogic also has curated documentation for the CDI that explains the model and assists with filing.

How does CoreLogic's solution differentiate from other offerings as a foundation for remodeling our risk scoring system to accommodate new CDI requirements?

Simply put, we have an **in-house wildfire product suite**.

CoreLogic developed highly granular **30m resolution deterministic and probabilistic models** to create a score that differentiates hazard within neighborhood down to the parcel level. The new model uses **AI and ML to measure risk reduction** from the parcel level mitigation that influence structure vulnerability to wildfire. The advanced model offers more precise risk assessment, differentiation, and reduction to reflect the unique characteristics of every structure.



What are the outcomes of using a simple, all-encompassing scoring system to readjust your rating system?

With Wildfire Mitigation Score integrated into a carrier's workflows, insurers will realize greater efficiency during the underwriting process. You will also save time because this scoring system removes the complexities from rating, all while ensuring that scoring is consistent across your entire portfolio.

CoreLogic's Wildfire Mitigation Score turns data into actionable insights so that you will never have to make a calculation manually. As a result, insurance companies are better prepared for losses caused by wildfires.

Reference

¹ California Department of Forestry and Fire Protection (CAL FIRE). (n.d.). Stats and events. Cal Fire Department of Forestry and Fire Protection. Retrieved November 8, 2022, from <https://www.fire.ca.gov/stats-events/>