



# Collaborating To Prevent, Prepare for, and Recover from Wildfires

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What has the insurance industry and the general public learned from the rapid increase in the frequency and severity of wildfires over the past quarter century? As I reflect on my own experiences with the Waldo, Black Forest, and Marshall Fires, it is my belief that the answer is not enough. Our learning curve is not fast, proactive, or innovative enough to start stemming the escalating costs of this peril that has the potential to make the insurance mechanism unaffordable or even uninsurable by private insurers. This article explores the lessons learned from these three fires.

## Why the Slow Response?

Why is the government, insurance industry, and societal response so passive when the increased expenses to fight and recover from wildfires are significant and growing? I have observed three overarching reasons that may account for this slow response.

- There is still considerable denial in the societal and governmental realm that climate change and it as a likely accelerant to extreme weather events are real. This denial and/or the incredible costs to mitigate this apparent driver of more frequent and severe natural catastrophes make it difficult to develop a consensus on what actions should be taken.
- While there is some evidence that the insurers are feeling the financial impacts of these events, they too have little experience in insuring such massive events, and increased costs to accomplish this end are not yet acceptable to the insured public and the regulators, as several states have already experienced.
- All the stakeholders of this problem are either not engaged in a meaningful collective way to find solutions, or each one is awaiting a "magic bullet" solution from one of the many stakeholders.

In the ongoing "hard insurance market," the return of availability and affordability of this coverage may be an illusion whose reality may become permanent, especially for those states most exposed to catastrophic losses.

From an insurance perspective, an underlying question not often asked is whether wildfires and other natural catastrophes are insurable. Unpredictable catastrophes that create massive financial impacts may fall outside the realm of mainstream insurable events. As experienced over my 56-year insurance industry career, the insurance "solutions" for flood and terrorism catastrophes were governmental programs for which I would argue the long-term viability and sustainability is likely an illusion.

What is my takeaway from the role of insurance and government to solving these catastrophic exposures? It is my view that continued one-size-fits-all and top-down solutions need serious reevaluation both organizationally and historically. As I reflect on many of the earlier insurability challenges (i.e., fire itself before insurance companies evolved, workplace safety, and transportation challenges), they all became insurable through the synergy and collaboration of many stakeholders who reached a consensus on how to mitigate risk and make them insurable. Isn't it time to rethink our collective approach to wildfire and other natural catastrophes?

## Wildfire Myths

Before proceeding, it is helpful to explore several underlying wildfire myths that have complicated both the public and industry dialogue on this subject and may suggest additional reasons why innovative solutions to this evolving exposure have not happened.

### *Wildfires Affect Limited People and Property*

One myth is that wildfires only affect persons and businesses who live in the forests or near grasslands. Certainly, these natural habitats are more likely to be exposed to wildfire. Three Colorado wildfires (Waldo, East Troublesome, and Marshall) did not follow this general belief largely due to the combination of hurricane-force winds and fire. Such behaviors make it much more difficult to predict and apply pre-loss risk management techniques to mitigate their impact. In addition, the recent prairie wildfires in Texas demonstrate wildfires happen whenever fuel, ignition, and oxygen combine and their intensity results from the supply of each ignition element.

Takeaways: (1) Improving forest management, building codes, and land use policies may not provide an easy, simple solution as we would wish, and (2)

because each fire has different characteristics, a simple one-size-fits-all solution is wishful thinking.

### *Wildfires Only Impact the Western United States*

Wildfires do not recognize state boundaries, as the recent Texas and Hawaii fires attest.<sup>1</sup> Some observers suggest the most exposed area in the United States is the Pine Barrens in New Jersey and other similar habitats. Historically, other fires in all other areas of the United States suggest their future exposure as the climate keeps changing traditional weather patterns. As the forested West knows, the combination of dry forests, wind, and humans make the ignition of wildfires more probable. As other areas of our country experience changing weather patterns, they too will be exposed to greater wildfire threats, especially where the built environment is adjacent to these exposed wildland areas.

Takeaways: (1) Not all catastrophes recognize geographical borders, so it would benefit all US residents to engage in constructive dialogue to find better practices for dealing with these ever-increasing disasters, and (2) agreed prevention and preparedness best practices for all natural catastrophes will pay many future dividends as consensus is reached on those practices.

### *Wildfires Are a Natural Phenomenon That Help Forested Areas*

In the past, most US wildfires were caused by lightning strikes. However, in recent years, the majority are human-caused. As the wildland-urban interface or prairie-urban interface were settled, wildfires have increased, causing many more potential hazards to human well-being (i.e., risk of total structure fires, unclean air, contaminated urban water systems, and increased flood exposures).

Takeaway: Regardless of where you live, it is important to manage the risk for these additional hazards.

### *Wildfire Modeling Is a Highly Reliable Tool*

Such modeling is used to identify properties most exposed to this peril. Although the insurance industry has spent much on such prediction tools, these models do not always perform as they were intended. Many of these rely on satellite imagery or historical data that may not adequately reflect the likelihood of wildfire. Certainly, any improvements in such modeling would be helpful, but a more common sense system of measuring wildfire risk on a more granular basis would better educate the consuming public about their "real" wildfire risk.

Takeaway: Sole reliance on one predictive tool is unsustainable as we face the unknown future of wildfire risk.

### *Wildfire Risk Management Is an Untenable Goal*

In its traditional sense, risk management does not seem to work well in mitigating the wildfire hazard. From my perspective, there are likely three reasons for this.

- Most current risk management is applied by individuals or business entities, so there is no guarantee their efforts will be sufficient to control losses that may originate away from their property or their control. If a city is located next to a national or state forest and that forest is not mitigated, the efforts of local businesses or individuals may not be cost-beneficial.
- Traditionally, risk management techniques are not widely deployed in residential areas because the costs are high and the outcomes are often limited.
- The risk management practices are often simple and may not utilize the best practices for unique situations. In addition, there often is a minimal financial incentive to take these actions from an insurance consumer's perspective, especially if they do not think the probability is high that they will ever experience such a loss. Perhaps developing community or regional risk management projects with community stakeholders will increase the practical outcomes of such practices.

## Collaborative Solutions

Since my initial involvement in the Waldo Canyon Fire recovery, it amazes me how much has been written about wildfire and how little has been done. My involvement with [Colorado Springs Together](#), a public-private partnership, planted a seed in my thinking to advocate this more holistic approach to a post-loss setting and to expand it to pre-loss planning and risk management activities.

Two huge lessons were learned from that experience: (1) While insurance plays a large role in post-wildfire recovery, it does not have all the answers to the many issues arising from such events, and (2) collaboration with other community stakeholders and the fire survivors themselves led to a quicker and more robust recovery than any wildfire recoveries that I have followed in the past 13 years.

Great synergy is created to help victims when the major community players come together: builders, building code inspectors, fire, police, emergency managers, etc. Many issues can be more expeditiously handled when you have everyone in the room, discussing and reaching a consensus on the best paths forward, and recognizing each other's expertise. For example, discuss how best to handle debris removal with the health department, fire department, contractors, emergency managers, and the insurance guy!

While it may seem cumbersome, the recovery outcome measured in the number of homes rebuilt and the speed of their rebuild are the best numbers that I have found. Why not replicate these approaches to other wildfire recoveries and consider expanding the conversation to pre-loss mitigation activities at a community or regional level?

Takeaways: (1) When the right stakeholders are in the same room, solutions can be achieved using synergistic power, and (2) the governmental processes are much more cumbersome as they take more time to achieve consensus and implement. From my experiences with the three Colorado wildfire recoveries, the first responders were better prepared and executed their tasks with more precision than the second responders. In addition, they always create an "after action report" of what they learned from the experience. Insurers and private entities need to adopt such a practice to make continuous improvements in how they address future incidents.

Under President Joseph Biden's 2021 infrastructure bill, the Wildland Fire Mitigation and Management Commission was formed to study new approaches to find better practices to address this exposure. The commission is represented by federal, state, and various specialized groups that issued their final report in September 2023, [\*On Fire: The Report of the Wildland Fire Mitigation and Management Commission\*](#). In it, they advocate forming community wildfire stakeholder groups that address pre-loss and post-loss issues to better prepare their communities and citizens for such a catastrophic fire. As we know, many such studies never see implementation, and once the crisis is past, they are ignored due to cost or lack of critical mass to make it happen. I encourage you to check out this report and at least read the executive summary.

Recognizing the potential limitations of too many committees making different decisions and spending lots of time duplicating each other's work, I would suggest a couple of modifications to this proposal.

- Identify a state "steering group" that can serve as a facilitator for helping communities identify their work plans and to serve as a clearing house for the collective results of the various community groups.
- Consider expanding the definition of community to either counties or regions where there is either little wildfire exposure or very low population to minimize too many groups that may not be able to find members to accomplish the mission in smaller entities.
- Consider appointing a strong entrepreneurial leader from the community who is experienced in making projects happen and who is known to work well with many different stakeholders without having to burden the regular governmental units and can outreach to other community groups to implement some of the recommendations.
- Limit tasks with an eye toward completion and implementation on an annual basis.
- Identify outcomes that will provide the most cost-effective outcomes initially and identify longer-term projects that may need future funding.

Certainly, this approach will appeal more immediately to those areas identified as higher risks for wildfire, but over time, their learning would apply to lesser exposed areas.

## Pre-Loss Community Collaborations

While the Wildland Fire Mitigation and Management Commission report is much more detailed, the initial tasks of such community groups are largely organizational and fact-finding. Each community group should determine how best to collaborate and coordinate between stakeholders and public entities and establish their time lines for accomplishing the initial tasks.

The following are goals they should undertake.

- Establish a Wildland Resilience Working Group composed of representative public and private stakeholders for their community. These might include the following.
  - Public: fire, police, emergency managers, planning, public works, building codes, forestry, and other first responders
  - Public or private: utilities and health care



- Private: builders, insurance agents and company representatives, realtors, nonprofit organizations, lenders, chamber of commerce representatives, media, and Better Business Bureau
- Representative community groups that are more exposed to wildland fire
- Academic and educational representatives

Meet regularly to share information, identify prevention gaps/needs, and develop community mitigation and resilience strategies. The group should have a limited timeframe to perform their task.

- Develop a communications task force to convey risk reduction information to the press and residents.
- Conduct a community wildfire risk assessment in conjunction with the fire department to identify various existing critical areas of wildland exposure and expand this to other mitigation opportunities looking for creative, innovative, and cost-effective ways to accomplish these goals. Eventually, the commission should assess critical infrastructure, business/neighborhood, public health, and related impacts. At a minimum, each area should be classified as high-, medium-, or low-risk wildfire-exposed entities and identify adjacent public lands that may expose community neighborhoods to a greater exposure to wildfire and may require public funds to mitigate.
- Provide all property owners in the hazard zones noted above with an array of mitigation and structure hardening practices that will contribute to either reducing the wildfire risk or making it easier to extinguish future fires should they arise. The application of an agreed scoring system for each property at the time of the risk assessment and an agreed method to improve those scores after implementing these risk reduction techniques would help all stakeholders better understand the relative risk to each property owner.
- Capture relevant data points into a community or regional Geographic Information System that is readily available to local officials and all citizens as a way to display this information and to track pre-loss risk reduction over time. In addition, this information should be combinable with nearby geographical entities and also the state.

- Analyze the collected data, assess the next steps, and implement the selected strategies that will have the greatest impact. Those projects should be separated into the following two categories.
  - Ones that can provide the greatest and quickest benefits with minimal funding
  - Those that may need more analysis and funding before they can be implemented
- Create a process for the short-term and long-term monitoring of these mitigation and hardening projects and making any midcourse corrections as necessary.

As insurance professionals will note, this process is largely the basic risk management process done on a community level. This community level effort should facilitate risk management activities for local businesses and residents. Consideration should be given to periodically revisit "the established plan" and progress when the local entity prepares its regular 5-year federal emergency management hazard mitigation report and any recommendations incorporated into that document.

How could such an initiative help the current insurance availability and affordability of property insurance in highly exposed current wildfire states? Most importantly, it would establish a process of mutual collaboration involving all stakeholders to find consensus on cost-effective short-term and long-term measures to minimize wildfires and to educate stakeholders and residents about the local risks. In addition, the group effort would offer the following pre-loss benefits.

- The development of realistic landscape mitigation strategies and practical measures to harden existing structures from the wildfire threat
- A "granular" system to assess actual wildfire exposures of individual properties supplementing or replacing the current satellite wildfire scoring tools
- The establishment of a "grassroots" foundation for future collaboration on better practices for gaining better risk control of this peril and others
- A great opportunity to provide applied information and education to the local citizens and stakeholders hoping to achieve a better consensus on both the underlying problem and suggested solutions



Certainly, these aspirational goals set a high bar, but someone or some group needs to start the dialogue to minimize this growing wildfire threat.

## Parting Thoughts

The adage of doing the same things and expecting a different result applies to keeping wildfire events insurable in the standard insurance marketplace. From my perspective, it is time to try new ways to address this issue more holistically and realistically. In many respects, the process outlined by the Wildland Fire Mitigation and Management Commission is very complex, but it does reflect the importance of bringing all of the stakeholders and agencies with wildfire experience together more collaboratively.

At a minimum, an opening dialogue is critical, and setting the stage for continual dialogue and learning is an important first step for developing grassroots strategies to address this problem. If we learn how to do this, perhaps we can find ways to address other extreme weather-driven catastrophes to make our communities and country more resilient to these severe events.

This process is not designed to "reinvent the wheel." If governmental units or private groups like FireWise have already developed solutions that work in their jurisdictions, perhaps the learning opportunity from them is to understand what works and leverage their work for bigger outcomes on controlling this ever-increasing wildfire risk. It is also possible that other community associations or trade groups would find it beneficial to begin this process in their organizations and become a resource for these local community wildland resilience working groups. The bottom line: It is time to try something new to get a handle on this issue and realize the great outcomes of "better together."