



Insurance Agent with Offices in Ruidoso, NM and Alamogordo, NM. Policies in Force 6500. Insure Otero and Lincoln Counties

(I do not make the big decisions on areas to insure. Its above my pay grade, so take it easy on me).

13 years with Farmers Insurance.

Experienced in Insuring Wildfire Areas.

Degree in Accounting.

Data driven person that does not accept generic answers to important questions.





# INSURANCE NAVIGATING WILDFIRE





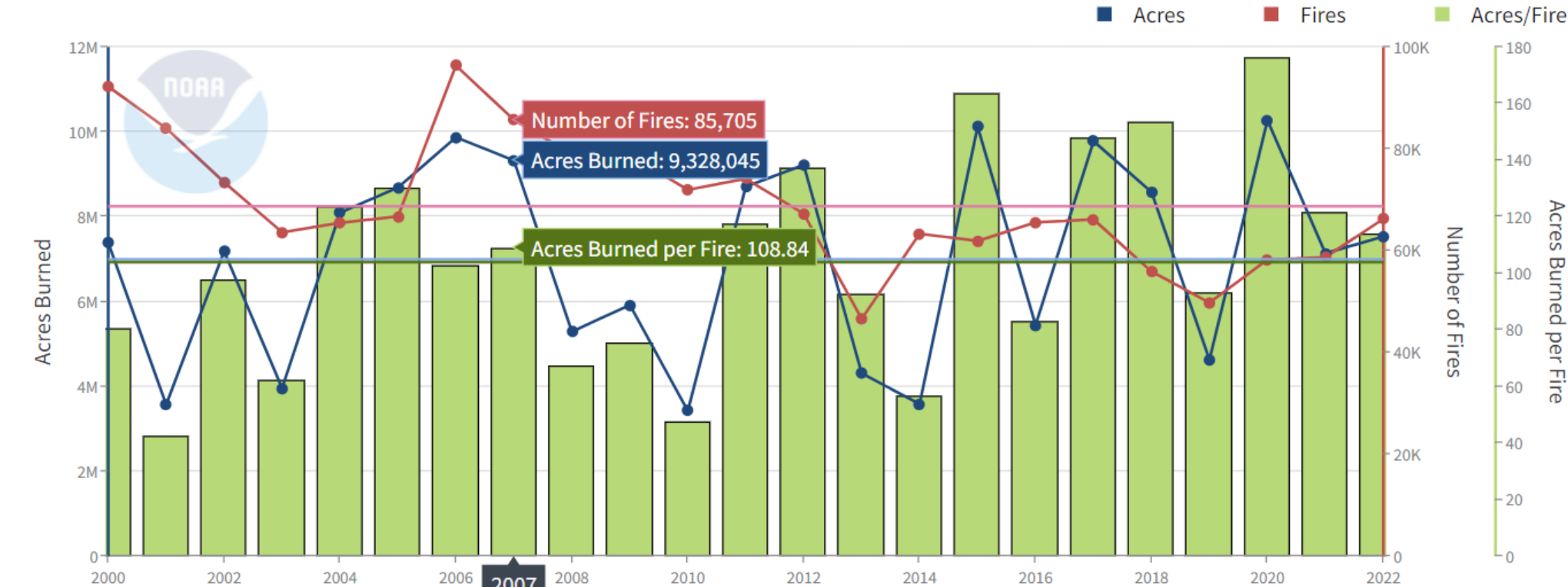
# WHY IS IT HARD TO GET HOMEOWNERS INSURANCE IN FIRE-PRONE AREAS?

Record-breaking wildfires in recent years have inspired homeowners' insurance companies to reconsider the risks of insuring homes in fire-prone areas. Many traditional carriers refuse to insure properties in these areas, and others have stopped renewing policies. Insurers don't want the liability, and dry seasons are getting longer while wet seasons are getting shorter. The Institute of Insurance Information notes that wildfires accounted for \$18 billion in insured losses in 2018, compared to \$15 billion the previous year.

For 2022, 66,255 fires (12th least) burned 7,534,403 acres (11th most), which is 113.72 acres burned/fire (10th most).

For more wildfire statistics visit [U.S. Wildfires](https://www.nifc.gov/wildfires).

U.S. Wildfires



2001-2020 Average: 7,000,513.55 Acres 68,707.25 Fires 103.92 Acres/Fire

Source: [National Interagency Fire Center \(NIFC\)](https://www.nifc.gov)

Powered by **ZingChart**

# PROTECTION CLASS VS FIRELINE SCORE

## PUBLIC PROTECTION CLASS ISO (1971)

PPC is designed to provide predictive fire loss data for typical structure fire problems. It is not intended to provide predictive capabilities for more prescriptive conditions such as wildfire. Where specific conditions provide for specific challenges, the property/casualty industry turns to alternative products such as FireLine.

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- 50% comes from the quality of your local fire department, including staffing levels, training and proximity of the firehouse.
- 40% comes from availability of water supply, including the prevalence of fire hydrants and how much water is available to put out fires.
- 10% comes from the quality of the area's emergency communications systems (911).
- An extra 5.5% can come from community outreach, including fire prevention and safety courses.

## ISO FIRELINE (2004)

**Developed by ISO for areas with UWI areas. Designed to Predict risks specific to wildland fires in Rural areas.**

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- Developed by ISO for areas with UWI areas
- Designed to Predict risks specific to wildland fires in Rural areas.
- Fuel — Grass, trees, or dense brush feed a wildfire.
- Slope — Steeper slopes can increase the speed and intensity of wildfire.
- Access — Limited access and dead-end roads can impede firefighting equipment.
- Scores range from negligible (0) to low (1), moderate (2–3), high (4–12), and extreme (13–30)
- (There are now other Fireline ratings available- Corelogic 1-100)

# **FIRELINE'S AND PROTECTION CLASS ACCOUNT FOR 30-50% OF UNDERWRITING DECISION**

## **The Five Types of Building Construction**

- Fire-resistive.
- Non-combustible.
- Ordinary.
- Heavy timber.
- Wood-framed.

Followed by

Construction Type

Roof Type

Renovations

Condition

Size

Age



Insurers are responsible to choose their level of acceptability for both Protection Class And Fireline Scores based on data reports



## **HOW DOES LINCOLN COUNTY LOOK?**

### **GROUP CONVERSATION**

- How many paid fire departments?
  - What are the results of the CWPP?
  - How many wildfires in 20 years?
  - What do the wildfire behavior maps say?
- Verarisk

**2022**  
**COMMUNITIES AT RISK ASSESSMENT PLAN**  
64 CWPPs Completed - Identifying 878 Communities at Risk



**Lincoln County**  
Claunch Pinto  
Ruidoso Area

**2008/2014/2019**  
2016  
2004/2015

**LINCOLN COUNTY**  
**COMMUNITY WILDFIRE PROTECTION PLAN**

September 1, 2019

**Prepared for:**

**Lincoln County**  
**PO Box 711**  
**3001 Central Avenue**  
**Carrizozo, NM 88301**

Prepared by  
The South Central Mountain  
Resource Conservation & Development Council, Inc.  
August 30, 2019

In Cooperation With:  
Lincoln County  
The Greater Ruidoso Wildland Urban Interface Working Group  
EMNRD – Forestry Division  
Lincoln National Forest  
The Village of Ruidoso  
Village of Capitan  
Little Bear Forest Reform Coalition  
New Mexico State Land Office  
Bureau of Land Management  
Bureau of Indian Affairs

County	High Risk Communities	Moderate Risk Communities	Low Risk Communities
Lincoln (33)	Alto	Hondo/Tinnie	Capitan
	Ancho	Rainmakers	Carrizozo
	Angus	Ranches of Ruidoso	Fort Stanton
	Arabela		
	Bonito		
	Carrizo Canyon		
	Cedar Creek-Alpine Village		
	Copper Ridge		
	Copper Ridge 2		
	Corona		
	Eagle Creek		
	Eagle Creek 2		
	Enchanted Forest		
	Fawn Ridge		
	Gavilan Canyon		
	Glencoe		
	Lincoln		
	Loma Grande		
	Nogal		
	Outlaw		
	Ranches of Sonterra		
	Ruidoso		
	Ruidoso Downs		
	Sierra Vista		
	Sun Valley-Sierra Vista		
	Villa Madonna		
	White Oaks		
	Hondo/Tinnie		
	Rainmakers		
	Ranches of Ruidoso		
<b>Total</b>	<b>30</b>	<b>3</b>	<b>3</b>

Table 9. Community Wildfire Hazard Risk Assessment

<u>Community</u>	<u>Assets at Risk</u>	<u>Wildfire Risk of Occurrence</u>	<u>NFPA 1144 Hazard Rating</u>	<u>Contributing Factors to NFPA 1144 Ratings</u>	<u>Firefighting Capacity</u>
Alto					
(Includes Legacy, Outlaw, Bald Eagle & Bald Eagle II)	Homes	High	High	Non-surfaced, steep roads	Bonito VFD
	Businesses			Heavy vegetation-fuel loads	Ruidoso and Monjeau fire lookout towers
	Recreation			Lack of defensible space around structures	Hydrants
	Tourism			Terrain conducive to unfavorable fire behavior	
	Communication towers			Lack of structure sprinkler system	
	Church camp			Utilities above ground	
	Watershed quality				
	Wildlife habitat				
	Aquatic habitat				
	Aesthetics				
	Air quality				
	Soil stability				

Nogal					
	Homes	High	High	Nogal Canyon limited ingress/egress with narrow road	Nogal VFD
	Businesses			Limited fire service access	Hydrants
	Tourism			Moderate to heavy fuel loads	
	Recreation			Lack of defensible space around structures	
	Watershed quality			Combustible structure siding, porches, and decks	
	Wildlife habitat			Terrain conducive to unfavorable fire behavior	
	Aquatic habitat			Utilities above ground	
	Aesthetics				
	Air quality				
	Soil stability				

<u>Community</u>	<u>Assets at Risk</u>	<u>Wildfire Risk of Occurrence</u>	<u>NFPA 1144 Hazard Rating</u>	<u>Contributing Factors to NFPA 1144 Ratings</u>	<u>Firefighting Capacity</u>
Capitan					
	Homes	High	Low	Light fuel loads	Capitan VFD
	Businesses				
	Tourism			Electrical utilities above ground	Hydrants
	Agriculture land			Lack of structure sprinkler system	
	Watershed quality				
	Wildlife habitat				
	Aquatic habitat				
	Rangeland				
	Aesthetics				
	Air quality				
	Soil stability				

Ranches of Sonterra					
(includes Little Creek)	Homes	High	High	Paved Roads	Bonito VFD
	Watershed Quality			Turn arounds farther than 300 feet	
	Aesthetic			No Fire Hydrants	
	Air Quality			One way in/one way out	
	Soil Quality			Topography conducive for wildfire	
	Wildlife Habitat			Heavy Fuel Loads	
				Utilities Above Ground	



<u>Community</u>	<u>Assets at Risk</u>	<u>Wildfire Risk of Occurrence</u>	<u>NFPA 1144 Hazard Rating</u>	<u>Contributing Factors to NFPA 1144 Ratings</u>	<u>Firefighting Capacity</u>
<b>Ruidoso</b>					
	Homes	High	High	Heavy Vegetation fuel loads	Ruidoso Fire Department
	Businesses			Defensible space less than 30 feet around structures	Hydrants
	Tourism			Terrain conducive to unfavorable fire behavior	
	Historic buildings			Lack of structure sprinkler system	
	Recreation			Utilities above ground	
	Watershed quality			Limited ingress/egress	
	Aquatic habitat				
	Aesthetics				
	Air quality				
	Soil stability				
<b>Ruidoso Downs</b>					
	Homes	High	High	Heavy Vegetation fuel loads	Ruidoso Downs Fire Department
	Businesses			Defensible space less than 30 feet around structures	Hydrants
	Tourism			Terrain conducive to unfavorable fire behavior	
	Historic buildings			Lack of structure sprinkler system	
	Recreation			Utilities above ground	
	Watershed quality				
	Aquatic Habitat				
	Aesthetics				
	Air quality				
	Soil stability				

## EXAMPLES OF COMPANY FIRELINE ACCEPTABILITY LINCOLN COUNTY

- Farmers 6 or 4 IF wood shingle roof
- Foremost Restricted No New Business Other areas of NM, 6 or 4 with wood shingle roof
- Aegis Non-Renewing Lincoln County
- American Modern Accepts higher Fireline BUT not as Vacation Rentals OR Landlord Properties within 3-5 miles of prior wildfire.
- Scottsdale Insurance- Uses 1-100 Fireline Score. Cancelling Lincoln County
- State Farm Launched Fireline Rating. Previously only used Protection Class
- Au Gold Only Uses Protection Class

# DECLINE EXAMPLES

IMPORTANT: WE ARE NO LONGER ABLE TO WRITE PROPERTY COVERAGE ON THIS RISK DUE TO THE FIRE SCORE". -- LOSS RUNS TO FOLLOW; in case you need to get this out to other markets.



NOTE

27 Sep 2023, 03:49 PM

AMIG declined due to fire risk

Manufactured Home - Quote (0025963455)

Click the Named Insured above to access mailing/account address



Dwelling #1: This risk is not eligible because it is located in a high wildfire risk area.

## Ineligible Risk



9524A

This risk is ineligible due to the ISO FireLine score.

Verify that the correct information has been entered. If the information is correct, you must close this window and Exit and Save this transaction as the risk is ineligible.

Close Window



NOTE

27 Sep 2023, 03:45 PM

Aegis declined due to fire risk.

### UW Response

141 OTTER CT, ALTO, NM 88312: This risk is ineligible due to increased fire hazard.



NOTE

29 Sep 2023, 04:20 PM

Edited: Kailyne Martin on 09/29/2023

Farmers declined due to fire risk.



Submission (Draft)



Homeowners Effective: 09/29/2023 Primary: [Signature]

Pre-Quote Issues

[Return to Risk Analysis](#)

[Details](#)

UW Issues that block quote

Ineligible Condition - FireLine score ineligible UW.167f



**WHICH  
WOULD BE  
ACCEPTABLE?**

## Examples of Protection Class AND Fireline Ratings Combined

- Home is Protection Class 2, Fireline 1- Cree Meadows
- Home is a Protections Class 2, Fireline 8. - High Loop Rd. Ruidoso, NM
- Home is Protection Class 8/9, Fireline 2- Sonterra, Alto – Firewise Community
- Home is Protection Class 6/9, Fireline 11 – Nogal



Team Discussion of recent Fireline findings  
in Ruidoso, Alto and Surrounding

## How Much Does Home Insurance Rise After a Fire?

in Daily Dose, Featured, Headlines, Market Studies, Story Crawl | October 1, 2021

A fire can be one of the worst days of a homeowner's life—not only could it take years to recover emotionally from losing everything you own—it can be financially devastating, even after an insurance payout.

[ValuePenguin](#), a data analysis company owned by [LendingTree](#), has found that the yearly cost of home insurances after a fire rises in every single state. In some states, the price does not just rise by a meager amount—it skyrockets.



For the report, [Andrew Hurst](#), a SEO Marketing Research Analyst at ValuePenguin, analyzed 16 years of data from the [U.S. Fire Administration](#) and found that, on average, fires do a total of \$8.1 billion in damage annually, or \$138 billion total from 2003-2019.

"Insurance providers cover part of the fire damage costs on behalf of their policyholders, but these expenses result in higher prices," Hurst said. "ValuePenguin calculated that the average cost of home insurance increases 27% after a residential fire. Depending on the state, average rates could rise by as much as 42% or as little as 6%."

In four states the cost of insurance after a fire rose by 40%: Mississippi saw rates increase by 42% to an average of \$2,236; West Virginia also increased by 42% to \$1,673; Idaho rose by 41% to \$1,486; and Oregon rose by 40% or \$1,674.

# HOW TO SAVE YOUR HOME

- Create minimum 30 ft fire break around the home
- Keep Roof and Rain Gutters free from needles
- Keep firewood and flammables at least 20 feet away from home.
- Update Roof to materials to non-combustible grade.
- Remove anything stored under home and deck.



## **Living With Fire Guide New Mexico**

The Living with Fire (LWF), a Guide for New Mexico Homeowners provides recommendations and resources to homeowners, educators, community groups, and firefighting professionals to prepare for wildfire and reduce wildfire threats to homes and communities. LWF is a collaborative effort among federal, state, local firefighting agencies, and resource management agencies in New Mexico and across the nation. The LWF program is managed by the University of Nevada Reno, Extension, an EEO/AA institution.



# RESOURCES



# Rising Home Insurance Premiums, Explained

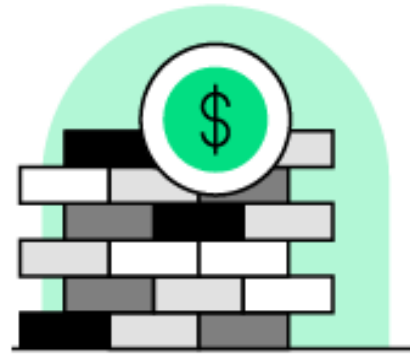
Your home insurance rates can rise due to a variety of factors. Some of the most common reasons for rising premiums include...



Rising  
rebuilding cost



Long insurance  
claim history



High cost of  
materials or labor



Increased risk of  
natural disasters

# Liberty Mutual posted highest loss ratio among largest US homeowners writers in Q1 (%)



Date compiled June 13, 2022.  
Based on NAIC statutory property and casualty first-quarter 2022 statement filings. U.S. filers only. May include business written outside the U.S. if reported in NAIC statements.

Data obtained from Part 1- Loss Experience.  
The insurers in this analysis include groups that represent the consolidation or data of the statutory filers within SNL-defined group structures and unaffiliated single companies.

# WHAT DO INSURANCE COMPANIES DO WHEN THEY LOSE MONEY



- Move out of high risk areas.
- Re-evaluate acceptability in current areas.
- Tighten underwriting
- Reinspect current policies
- Cut Advertising
- Reduce Agent Commission
- Reduce Corporate Employees

# REPERCUSSIONS OF INSURERS LOSING TOO MUCH MONEY

Rating decrease – Due to federal regulations mortgage companies are required to uphold an A or minimum B+ Rating. If the insurer

Bankruptcy

Insolvency

The less insurance carriers in the area, the higher the premiums.

While ratings provided by the rating agencies can give you a good idea of an insurer's financial stability, they aren't perfect. For example, Merced Insurance had an A- rating from A.M. Best, but the company went bankrupt in 2018 after the extensive wildfires that occurred in California that year.





## HOW TO DECREASE CURRENT RATE

- Take larger deductible
- Update Insurance agent on home updates and renovations
- Review Building A Coverage and home features for accuracy.
- Bundle

What to do if you are experiencing non-renewals or declines.

- Talk to your current agent.
- Shop your insurance.
- Evaluate homes condition.
- Try state pool (Max \$250,000)

## WHERE DO WE GO FROM HERE

- Education.
- Bridge the gaps in reporting styles from ISO.
- Create more defensible spaces. FUELS
- Use technology and mapping to understand areas of high wildfire activities.
- Be understanding. We are all in this together.
- Remember that it takes time and will not be change overnight.