

**EMERGENCY FIRE COST COMMITTEE  
SPECIAL MEETING**

**April 3, 2023  
8:00 AM**

**Zoom: <https://odf.zoom.us/j/99860716602>**

**Meeting ID: 998 6071 6602**

**Committee Members:**

Brennan Garrelts, Chair  
Steve Cafferata  
Chris Johnson  
Erik Lease

**Administrator:**

Nancy Hirsch

## Agenda Topics

1. **Call to Order**
2. **Insurance Policy for 2023 Fire Season** [*Decision Item*]
3. **Public Comment/Good of the Order**

# State of Oregon - Fire Fighting Expense

## PREMIUM OVERVIEW

4/15/2023-4/15/2024



04/03/2023

	BOUND	BOUND	Quoted
	Expiring 2021-2022 Lloyds Lead	Renewal 2022-2023 Lloyds Lead	Renewal 2023-2024 Lloyds Lead
<b>Limit of Insurance</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>	<b>\$25,000,000</b>
excess of Self Insured Retention of	\$50,000,000	\$75,000,000	\$78,500,000
<b>Premium</b>	<b>\$4,038,975</b>	<b>\$3,975,000</b>	<b>\$3,975,000</b>
<i>Estimated</i> Surplus Lines & Other Taxes & Fees	\$92,896	\$91,425	\$91,425
<b>Total Program Cost</b>	<b>\$4,131,871</b>	<b>\$4,066,425</b>	<b>\$4,066,425</b>
<b>\$ Change</b>		<b>-\$65,446</b>	<b>\$0</b>
<b>% Change</b>		<b>-1.6%</b>	<b>0.0%</b>

  

<b>Lead Syndicate- 9th consecutive year</b>	Sompo Canopius - CNP444	Sompo Canopius - CNP444	Sompo Canopius - CNP444
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## INSURANCE PROGRAM SUMMARY

	Fire Season	Insurance Year**	Premium Cost	Insurance Deductible (Self-Insur.)	Amount of Coverage	Anticipated FEMA Reimbursement	Net F.F. Cost Claims (EFC Claims)	Paid By Insurance
1	73	73-74	\$45,000	\$325,000	\$1,000,000	NA	\$853,801	\$528,801
2	74	74-75	\$45,000	\$325,000	\$1,000,000	NA	\$453,331	\$128,331
3	75	75-76	\$75,000	\$500,000	\$1,000,000	NA	\$299,721	\$0
	76	76-77	NO COVERAGE			NA	\$304,240	
4	77	77-78	\$92,850	\$500,000	\$1,000,000	NA	\$465,503	\$0
5	78	78-79	\$77,006	\$500,000	\$1,000,000	NA	\$640,372	\$140,372
6	79	79-80	\$61,919	\$500,000	\$1,000,000	NA	\$1,166,147	\$666,147
7	80	80-81	\$138,875	\$1,000,000	\$1,000,000	NA	\$887,888	\$0
8	81	81-82	\$174,750	\$1,000,000	\$2,000,000	NA	\$3,048,422	\$2,000,000
9	82	82-83	\$174,750	\$1,000,000	\$2,000,000	NA	\$237,146	\$0
10	83	83-84	\$170,000	\$1,000,000	\$2,000,000	NA	\$0	\$0
11	84	84-85	\$144,968	\$1,000,000	\$2,000,000	NA	\$41,360	\$0
	85	85-86	NO COVERAGE			NA	\$414,723	
12	86	86-87	\$170,000	\$3,000,000	\$2,000,000	NA	\$4,217,318	\$917,993
13	87	87-88	\$244,045	\$2,000,000	\$2,000,000	NA	\$19,002,716	\$2,000,000
14	88	88-89	\$1,781,493	\$2,000,000	\$7,650,000	NA	\$9,600,000	\$7,549,771
15	89	89-90	\$1,956,109	\$4,000,000	\$8,000,000	NA	\$5,216,613	\$1,216,613
16	90	90-91	\$2,418,438	\$7,500,000	\$35,000,000	NA	\$4,511,611	\$0
17	91*	91-92	\$2,418,438	\$7,500,000	\$35,000,000	NA	\$3,406,772	\$0
18	92*	92-93	\$2,418,438	\$7,500,000	\$35,000,000	NA	\$12,850,855	\$5,350,855
19	93*	93-94	\$2,878,421	\$8,000,000	\$34,500,000	NA	\$1,954,271	\$0
20	94*	94-95	\$2,668,039	\$8,000,000	\$34,500,000	NA	\$14,669,153	\$6,669,153
21	95*	95-96	\$2,777,477	\$10,000,000	\$32,500,000	NA	\$3,618,209	\$0
22	96*	96-97	\$2,714,577	\$10,000,000	\$32,500,000	NA	\$2,410,977	\$0
23	97*	97-98	\$2,539,980	\$10,000,000	\$33,000,000	NA	\$36,189	\$0
24	98*	98-99	\$2,380,439	\$10,000,000	\$33,000,000	NA	\$666,713	\$0
25	99*	99-00	\$2,372,098	\$10,000,000	\$43,000,000	NA	\$3,036,044	\$0
26	00*	00-01	\$2,372,098	\$10,000,000	\$43,000,000	NA	\$5,780,952	\$0
27	01*	01-02	\$2,266,528	\$10,000,000	\$43,000,000	NA	\$14,889,423	\$4,880,003
28	02*	02-03	\$3,345,305	\$10,000,000	\$43,000,000	NA	\$30,001,937	\$19,975,885
29	03*	03-04	\$3,570,743	\$15,000,000	\$20,575,000	NA	\$9,180,727	\$0
30	04*	04-05	\$3,875,425	\$15,000,000	\$25,000,000	NA	\$2,017,509	\$0
31	05	05-06	\$1,290,626	\$25,000,000	\$25,000,000	NA	\$13,196,716	\$0
32	06	06-07	\$1,290,626	\$25,000,000	\$25,000,000	NA	\$9,238,746	\$0
33	07	07-08	\$1,081,510	\$25,000,000	\$25,000,000	NA	\$14,125,366	\$0
34	08	08-09	\$907,966	\$25,000,000	\$25,000,000	NA	\$9,129,075	\$0
35	09	09-10	\$907,972	\$25,000,000	\$25,000,000	NA	\$5,387,719	\$0
36	10	10-11	\$860,776	\$25,000,000	\$25,000,000	NA	\$5,036,777	\$0
37	11	11-12	\$811,590	\$25,000,000	\$25,000,000	NA	\$2,705,646	\$0
38	12	12-13	\$854,926	\$25,000,000	\$25,000,000	NA	<b>\$5,209,073</b>	\$0
39	13	13-14	\$923,318	\$20,000,000	\$25,000,000	\$43,316,069	\$74,628,615	\$25,000,000
40	14	14-15	\$2,012,041	\$20,000,000	\$25,000,000	\$14,150,201	\$42,232,661	\$22,232,661
41	15	15-16	\$3,832,815	\$50,000,000	\$25,000,000	<b>\$20,490,997</b>	<b>\$20,562,364</b>	\$0
42	16	16-17	\$3,526,191	\$50,000,000	\$25,000,000	<b>\$2,831,517</b>	<b>\$11,147,371</b>	\$0
43	17	17-18	\$3,240,879	\$50,000,000	\$25,000,000	<b>\$2,627,778</b>	<b>\$33,835,154</b>	\$0
44	18	18-19	\$3,560,044	\$50,000,000	\$25,000,000	<b>\$22,040,521</b>	<b>\$39,918,307</b>	\$0
45	19	19-20	\$3,726,264	\$50,000,000	\$25,000,000	<b>\$7,848,855</b>	<b>\$13,366,982</b>	\$0
46	20	20-21	\$4,010,403	\$50,000,000	\$25,000,000	<b>\$64,575,052</b>	<b>\$36,708,482</b>	\$0
47	21	21-22	\$4,131,891	\$50,000,000	\$25,000,000	<b>\$23,306,591</b>	<b>\$63,245,872</b>	<b>TBD</b>
48	22	22-23	\$4,066,435	\$75,000,000	\$25,000,000	<b>\$52,952</b>	<b>\$17,293,078</b>	\$0

Total(s)	\$87,404,482	\$201,240,533	\$572,848,646	\$99,256,585
	<b>1973-2022 Insurance Years</b>		<b>Fire Seasons</b>	
	<b>Cumulative Difference (Cost-Claim)</b>			<b>\$11,852,103</b>

Bolded figures indicate estimated costs.

\*1991 Legislature required the EFCC, by statute, to purchase insurance. The Legislature did not establish a minimum for insurance, but the Legislative intent indicated a deductible, plus insurance amount, equal to approximately \$45 million. (ORS 477.775)

Policy Period: April 15, 20XX-April 14, 20XX ( Fire Season)

Updated January 2023



# Oregon

Tina Kotek, Governor

Department of Forestry  
State Forester's Office  
2600 State St  
Salem, OR 97310-0340  
503-945-7200  
[www.oregon.gov/ODF](http://www.oregon.gov/ODF)

April 6, 2023

Cal Mukumoto, State Forester  
2600 State Street  
Salem, OR 97310

SUBJECT: Emergency Fire Cost Committee – Recommendation to Purchase a Firefighting Expense Insurance Policy for the 2023 – 2024 Policy Year

Dear State Forester Mukumoto,

The Emergency Fire Cost Committee (EFCC) met at a special meeting on April 3, 2023 to consider the annual firefighting expense insurance policy. Consistent with the Oregon law, the committee considered and discussed several factors of the 2023 – 2024 policy terms offered.

After deliberations concluded, the EFCC voted three-to-one to recommend to you that Oregon **not** purchase a firefighting expense insurance policy for the 2023 – 2024 policy year (April 15, 2023 – April 14, 2024). This decision was consistent with Oregon law<sup>1</sup> requiring the EFCC and the forester consult regarding the purchase of the insurance.

Willis Towers Watson, the state of Oregon's insurance broker, was able to secure final terms from Lloyds's of London, which they presented at our meeting. The terms were \$3,975,000 plus estimated taxes and fees of \$91,425 for a total premium cost of \$4,066,425 to attain a \$25 million policy with a \$78.5 million attachment (up \$3.5 million from current policy). While this was a flat premium proposal, there was much discussion by the committee that factored into the final decision.

The Oregon Forestland Protection Fund (OFLPF) has a minimum of \$315,000 available towards the premium. However, if large fires costs remain flat through June, an additional amount not to exceed \$1,495,505 would be available. The OFLPF has been decreasing by about \$2 million per year. If the trend continues, the committee may be forced to define special assessments to landowners to maintain the OFLPF balance. In many parts of the state, forest landowners are already struggling under significant financial burden to keep forests working. In recognition of that, and the reality that the Oregon Department of Forestry and the committee lack sufficient tools to influence funding and policy decisions, the committee must make prudent decisions where they can to ensure solvency in the fund, while avoiding potential cost shifts to landowners.

If there are no fires in the spring, having these unspent OFLPF dollars would help rebuild the landowners' fund. Having a solvent fund also increases our ability to make strategic investments. The committee's ability to make these investments in recent years has proven to be successful in reducing large fire costs which benefits all Oregonians, as well as the OFLPF and General Fund.

From a broader business perspective a few other points were raised including; 1) the \$25 million coverage, which costs \$4 million, protects less than one percent of the total General Fund statewide budget, 2) committee members noted that they tacitly supported last year's purchase as a bridge year because policy related talks were underway to develop a more durable Oregon-wide large fire funding solution, which did not materialize, and 3) Oregon's historic net fire seasons costs, even after factoring in inflation, have not come within 10% the \$78.5 million deductible offered.

This was not a simple decision, and the committee made it with the understanding that once this product goes away, it is likely the state of Oregon will never get it back. The EFCC thanked Willis Towers Watson and others for their work. Given the market conditions, the results presented were stellar. The London Insurance markets, in particular Lloyds of London, Willison Towers Watson, and Department of Administrative Services have been excellent partners. We recognize you have the difficult job of making the decision. Feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Brennan Garrelts". The signature is written in a cursive, flowing style.

Brennan Garrelts, Chair  
Emergency Fire Cost Committee

<sup>1</sup> ORS 477.755

Emergency fire suppression costs insurance

- (1) Prior to February 1 of each year, the Emergency Fire Cost Committee and the forester shall consult regarding the purchase of emergency fire suppression costs insurance and the level of coverage to purchase for the fire season of that year.
- (2) In determining whether the purchase of insurance is advisable, the forester and the committee shall consider:
  - (a) The cost, coverage and deductible of insurance available from private insurance carriers;
  - (b) The funding available for fire suppression from the Oregon Forest Land Protection Fund and other sources;
  - (c) The current condition of forests;
  - (d) Long-term weather predictions;
  - (e) Available fire fighting resources; and
  - (f) Available funds for the purchase of insurance.
- (3) If the committee and the forester agree to purchase insurance, the forester shall purchase insurance through the Oregon Department of Administrative Services to cover any lawful expense incurred by the State Forestry Department, or contractors or cooperators, that is payable by the Oregon Forest Land Protection Fund. The insurance may be obtained through negotiation or competitive bids, whichever is in the best interest of the state, its contractors and cooperators.
- (4) The Oregon Forest Land Protection Fund may not be charged for payment of more than one-half of any premium for the insurance. [1969 c.524 §10; 1985 c.158 §2; 1989 c.91 §1; 1989 c.769 §11; 1991 c.639 §7; 2005 c.802 §15]