



News

Wildfires California (Camp Fire) – November 2018

The Camp Fire started in the early morning on 8 November 2018 in Butte County, in Northern California. Strong northeast winds, in combination with relatively dry conditions, supported the spread of the fire, which has already burned down approx. 450 km² (111'000 acres). According to the California Department of Forestry and Fire Protection (CAL FIRE), more than 6'400 buildings have been destroyed and still up to 15'000 buildings are threatened by the fire. Currently, more than 4'500 fire personnel are fighting the fire but it is only 25% contained (as of 11 November 2018).

Wildfires are concentrated more locally compared to other natural catastrophes such as storms which typically affect entire states or countries. However, wildfires are particularly disastrous and often cause a total loss of structures – i.e. the total destruction of properties or entire neighborhoods. Furthermore, the insurance penetration for fire risk in California is high.

Last year's destructive wildfires in October 2017 had already caused extensive insurance losses in Northern California. During that month, the Atlas Fire, Tubbs Fire and the Mendocino Lake Complex Fire caused aggregated insurance losses of USD 12 billion. The largest contributor to those losses was the Tubbs Fire, which burned parts of Napa, Sonoma and Lake counties. The fire destroyed more than 5'600 buildings and caused insured losses of USD 8.5 billion.

Wildfire risks in California are covered in the Cat Bond market as well as in the private ILS market. As the wildfire is still ongoing, the situation can change significantly within days. Due to the ongoing nature of the event, the portfolio manager continues to assess the possible impact on CSA ILS / CSA ILS Fixed and aims to provide further information in due course. Moreover, the portfolio manager is also monitoring the Woolsey and Hill Fire, which currently are active fires in California.

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