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Prescribed Fire Liability Insurance Breakthroughs

Putting Beneficial Fire Back In The Toolbox to Fix Our Forests



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Putting Beneficial Fire Back In The Toolbox To Fix Our Forests





Introduction & Background



- **William Dessert, TRIP, AFIS**

- Specialized Insurance Broker, Environmental Risk Advisor
- Member: Calforests, CAL PBA
- Member: IRMI©, SEIP©
- CARx Burn Boss Trainee

- **David Dybdahl, CPCU, ARM, MBA**

- Environmental Insurance Designer
- Insurance Hall of Famer
- Created the first liability insurance coverage for
 - Superfund & Nuclear Weapons Facilities Clean Up Operations
 - Containment of the Chernobyl Nuclear Disaster
 - Pioneered Prescribed Fire Liability Insurance across United States





Understanding The Problem



- Prescribed burns reduce wildfire risk
- Conventional wisdom in the insurance business directly linked prescribed burns to wildfires
 - Leading to wildfire exclusions for stakeholders
- Exclusions In Reinsurance Contracts for claims arising from Wildfires
 - California in 2018
 - Country-wide in 2023
- Reinsurance exclusions forced wildfire exclusions into ALL domestic commercial property and liability insurance policies



The Insurance Availability Emergency



- Without liability insurance,
 - Stakeholders could not scale beneficial fire to reduce the wildfire risk
- There was little evidence linking prescribed burns to wildfires
 - Anywhere in the U.S.
- In 2024 ARMR offered liability insurance coverage for prescribed burns in 49 states:
 - Not in California
- ARMR had to prove the underwriters were wrong with data from California



Researching Rx Fire Risk To Prove



The Conventional Wisdom Was Wrong

- Stakeholder Engagement
 - Calforests & Arroyo hosted 30+ Conservation Leaders
 - CAL FIRE, CIGA, CNRA, DOI, UCANR, CAL PBA, CA RCD, BOF
- Field Work – Understanding the Risk in California
 - CCPBA, CAL FIRE, SLO TREX, State Parks, Forest Service, Butte PBA, Firestorm, Torch Bearr
 - 7 units burned, 585 acres, 5 broadcast and 2 pile burns
- California Liability Claims Fund Pilot
 - Public Experience Data is key



Solving The Wildfire Exclusion Crisis In California



- Gather relevant RX Fire and Wildfire Claims Data in CA
- Integrate the CA Claims Fund with business liability insurance
- Design functional and affordable liability insurance packages for the diversified group of Stakeholders in prescribed fire:
 - Conservation Services Contractors
 - Land Stewards
 - Forestry Professionals
 - Timber Product firms



Creating an Rx Fire Insurance Product



- **Work In Conjunction with the Claims Fund Pilot:**

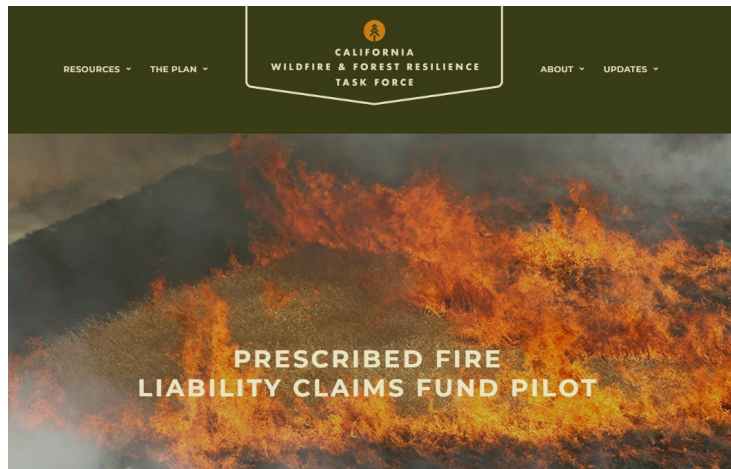
- Design insurance to support SB 926 guidelines with higher limits
- Extend coverage where the Claims Fund cannot
- Burns must be enrolled in Claims Fund for insurance coverage to apply

- **Fill in marketplace gaps of coverage:**

- Provides Liability Coverage for Wildfire resulting from Rx Fire
- Bodily Injury & Illness from Smoke, Vapor, Soot, Fumes, Contaminants
- Professional coverage for drafting, stamping, selling RX Burn Plans

- **Stakeholder Eligibility:**

- NWCG & CARX Burn Bosses
- Cultural Fire Practitioners
- Prescribed Burn Associations
- Resource Conservation Districts
- Forestry & Conservation Firms
- Volunteer Fire Departments
- Conservancies & Land Trusts
- Private Land & Forest Owners





The Liability Insurance Needs for Prescribed Burn Contractors



- Commercial General Liability Insurance
 - No Wildfire Exclusion for intentional use of beneficial fire
- Contractors Environmental Liability Insurance
 - No exclusions for common contaminants:
 - smoke/vapor, herbicide/pesticides
- Contractors Professional Liability
 - Coverage when professional services are provided for a fee
 - Teaching/drafting/selling Burn Plans



The Liability Insurance Needs for Land Stewards



- The Land Steward needs their own liability insurance coverage
- Coverage can be customized to specific needs
 - Grant Applications, Project Scopes, CEQA/NEPA Compliance, etc.
- The same liability insurance package basic design can be utilized
 - But the liability insurance package used by a contractor needs to be modified for a land steward
 - One design option is to only cover the prescribed burn loss exposure with supplemental coverage



The Insurance Interface Between Land Stewards and Burn Contractors



- Land Stewards can be covered as an **Additional Insured** under the liability insurance packaged purchased by the Contractor.
 - The liability insurance premium paid by the contractor has the cost of the Additional Insured coverage for their customers built into the premium
 - This is cost free insurance for the land stewards hiring the services of a properly insured burn contractor
 - Use it or lose it Benefit



Perfecting The Additional Insured Coverage In the Contractor's Liability Insurance



- There are **three** things that need to be in place for a Land Steward to access the cost free Additional Insured liability coverage of the contractor;
 1. There needs to be a contract in place between the land steward and contractor
 2. That contract must require that the contractor agrees to indemnify the land steward for any claims for damages that the land steward incurs arising from the work of the contractor
 3. The contract must specifically require that the contractor makes the Land Steward and Additional Insured under the CGL and Environmental insurance coverage



Prescribed Fire Liability Insurance to Mitigate CA Wildfire Risk



A Package Liability Insurance Policy for Land Stewards and Contractors

- Commercial General Liability (with no wildfire exclusion)
- Environmental Liability (coverage for excluded pollution losses in the CGL)
- Professional Liability (If professional services are provided for a fee)

Insurable Scopes of Work:

- Contractor Services
 - Prescribed Fire/Controlled Burns
 - Herbicide/pesticide Application
 - Wetlands Mitigation Services
 - Conservation Related Services
- Consulting Services
 - Burn Plan Preparation
 - Forestry Management
 - Conservation Easements
 - Environmental Impact Studies
 - Regulatory Permitting
 - Regulatory Compliance Audits
 - Wetlands & Mitigation Banking



Questions?

