

[Los Angeles wildfires could make insurance crisis worse](#)

CBS8

The recent wildfires in Los Angeles could become the most expensive series of wildfires in California's history, not due to the number of homes lost, but because of the high value of the properties affected, experts say.

AccuWeather released a preliminary estimate this week, putting the total damage and economic loss from the Los Angeles fires at between \$52 billion and \$57 billion. This figure significantly surpasses previous costly wildfires in the state:

- 2018 Camp Fire: \$16.5 billion in losses
- 2017 Tubbs Fire: \$5.6 billion in losses
- Woolsey Fire: \$5.2 billion in losses
- 2003 Cedar Fire in San Diego: \$2.8 billion in losses

But Amy Bach, executive director of the nonprofit United Policyholders, cautions against these early projections. "That is the exact kind of inflammatory projecting high that data companies are selling to insurance companies that's been driving the crisis," Bach said.

Bach argues that such estimates, based on computer models and made while fires are still burning, can be harmful. "I would say it does a lot more harm than good. Let's wait and see what happens here before we start throwing those kind of numbers around, because all that does is scare people," she explained.

Despite her reservations about the accuracy of early estimates, Bach acknowledges that the Los Angeles fires are likely to result in higher insurance rates across California. This is due to recent insurance reforms allowing carriers to use modeling and the cost of reinsurance to determine future rates.

“We know they will come back and ask for rate increases, because that’s the way it goes. You know, after every disaster, insurers will try to recoup some of what they paid out,” Bach said.

The fires come at a critical time for California’s insurance market. Recent reforms were aimed at encouraging companies like State Farm and Allstate to resume writing new homeowners policies in the state. However, the severity of these fires may impact those efforts.

“Having a fire this vicious, this destructive, this fast, it’s so close to home and so vivid and so scary that there’s no question it’s going to impact the mindset of insurance executives,” Bach noted.

When reached for comment on the implications of the Los Angeles wildfires, both State Farm and Allstate responded that they were currently focusing solely on assisting customers impacted by the disaster.