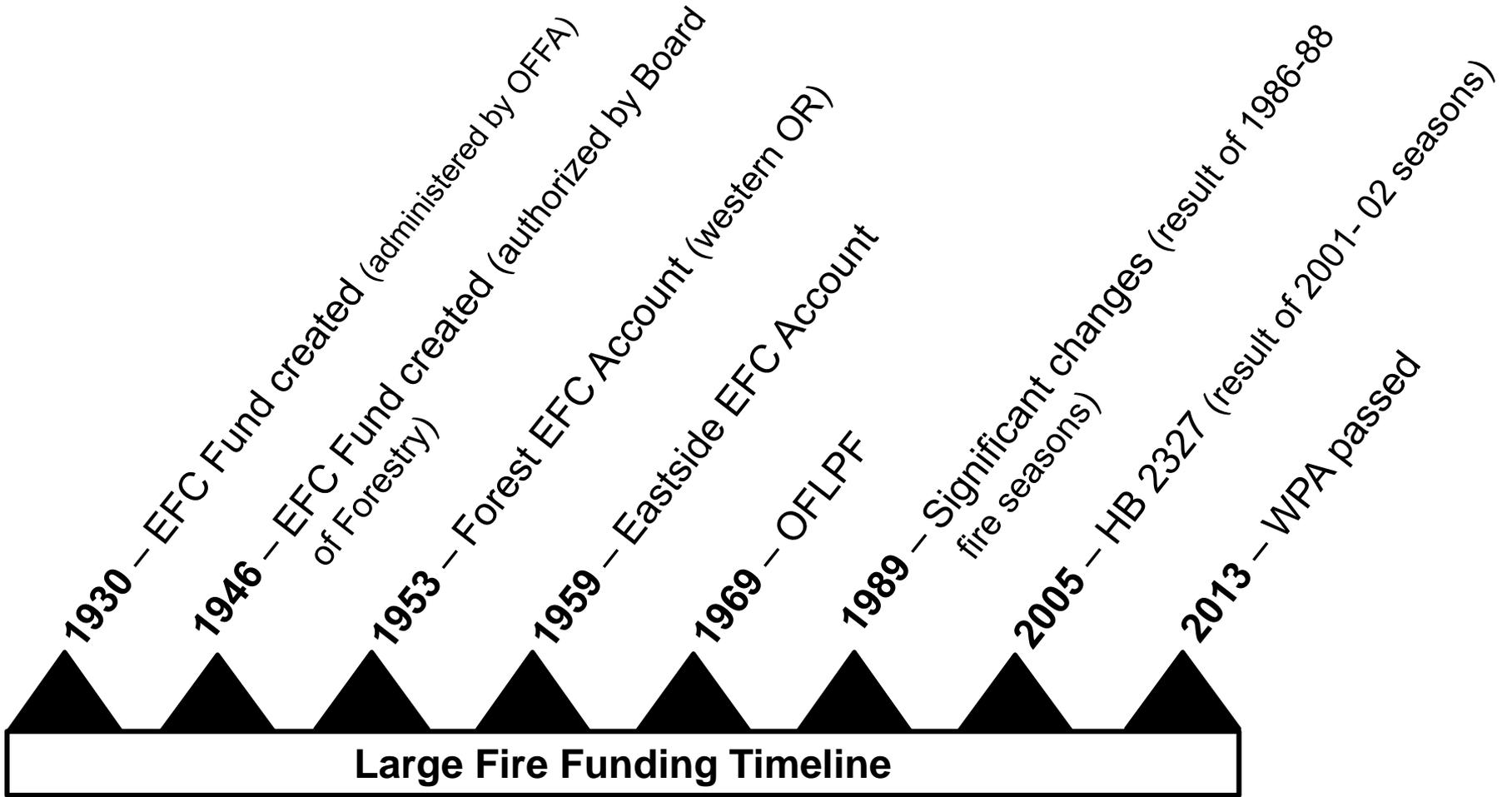




# ODF Large Fire Funding Information

Large Fire Funding Work Group  
January 7, 2016

# Evolution of Funding



# Large-Fire Funding Summary



## ➤ EFCC:

- Provides oversight and direction for OFLPF
- Administrative rule promulgation authority
- Establishes guidelines for eligibility of firefighting costs
- Approves district audits

## ➤ Insurance:

- Insurance first purchased by OFFA from 1936 - 1945
- OFLPF insured fund all but two years since 1973
- Consecutive full loss claims for 2013 and 2014 seasons
- Result:
  - \$25 million policy
  - \$50 million deductible (up from \$20 million)
  - \$3.75 million premium (+ taxes & fees)



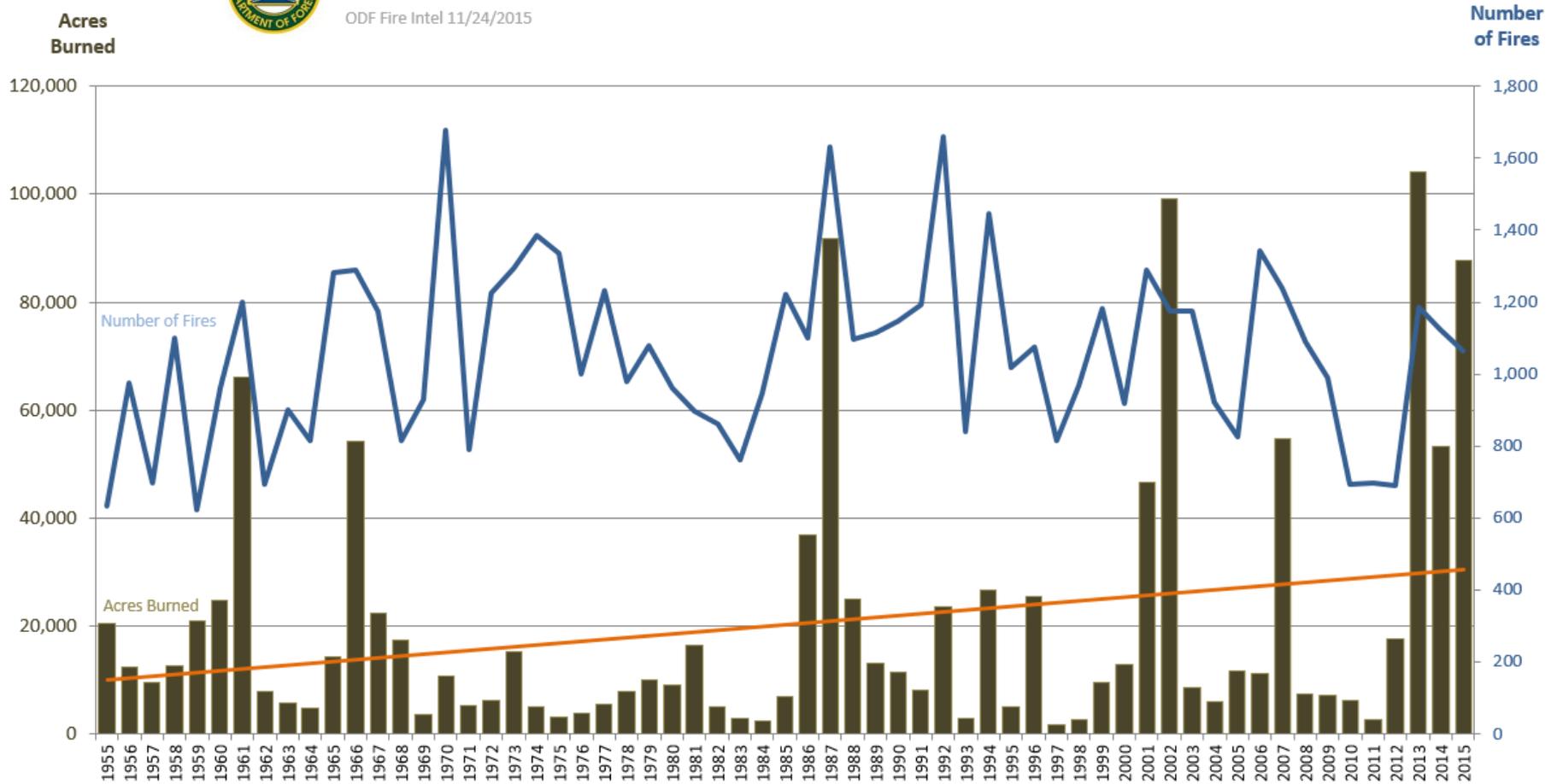
# Number of Fires and Acres Burned



Oregon Department of Forestry

Number of Fires and Agency-Protected Acres Burned 1955-2015

ODF Fire Intel 11/24/2015





# Wildfire Funding Framework

**Insurance Policy**

\$25 M  
Insurance Policy

**Insurance Deductible  
\$50 Million total**

\$30 M  
State of Oregon

\$20 M  
Shared  
GF & OFLPF

**Insurance Premium**

GF- 1.85M

OFLPF- 1.85 M

**Statewide Severity**

Severity \$5 million  
GF and OFLPF

**Base  
\$48 Million**

Base Level of Fire Protection  
"The Fire Department"  
GF / Private Landowner and Public Lands Assessments

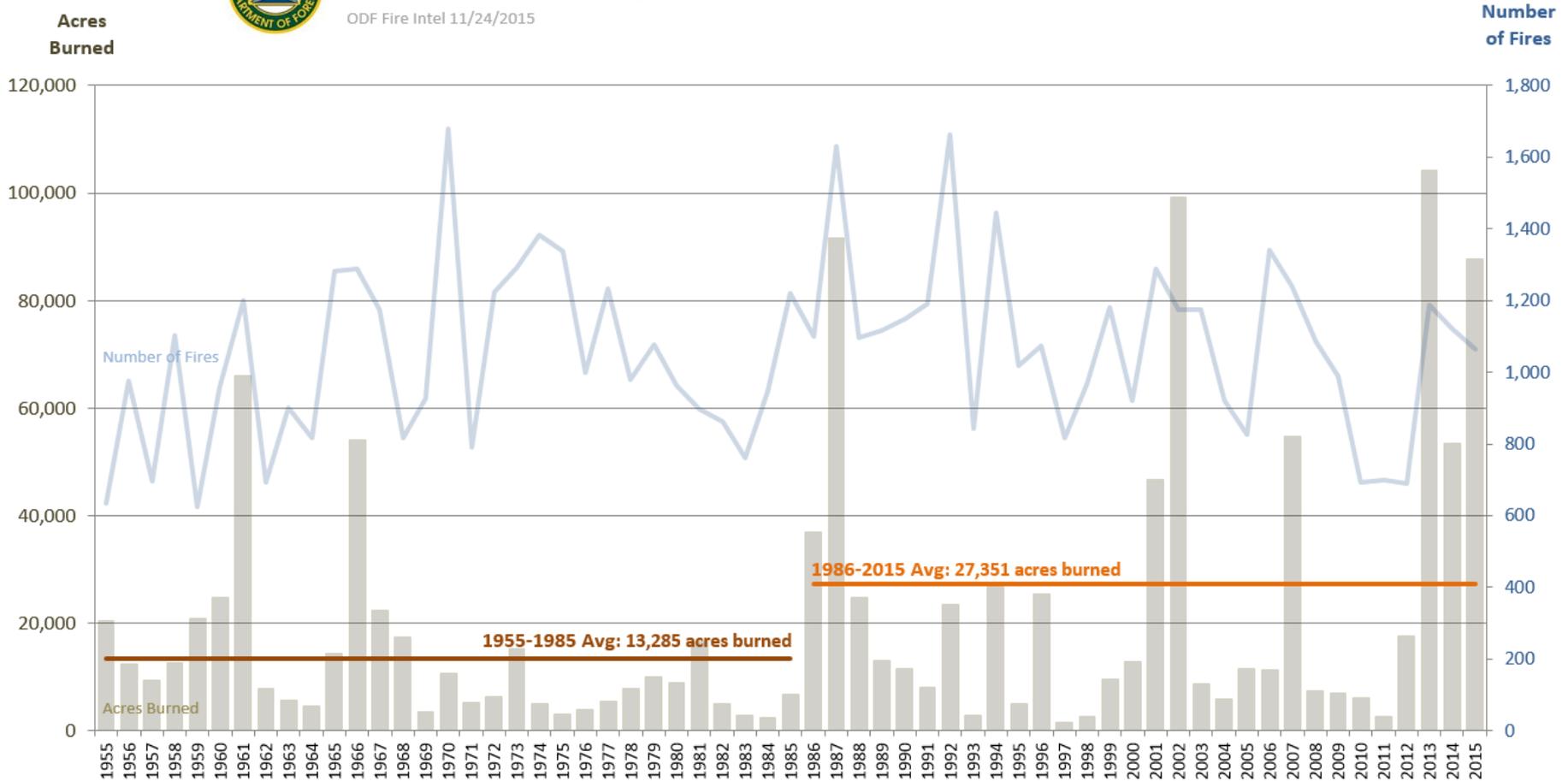
\* OFLPF- Oregon Forest Land Protection Fund

# 30-Year Averages



## Oregon Department of Forestry Number of Fires and Agency-Protected Acres Burned 1955-2015

ODF Fire Intel 11/24/2015



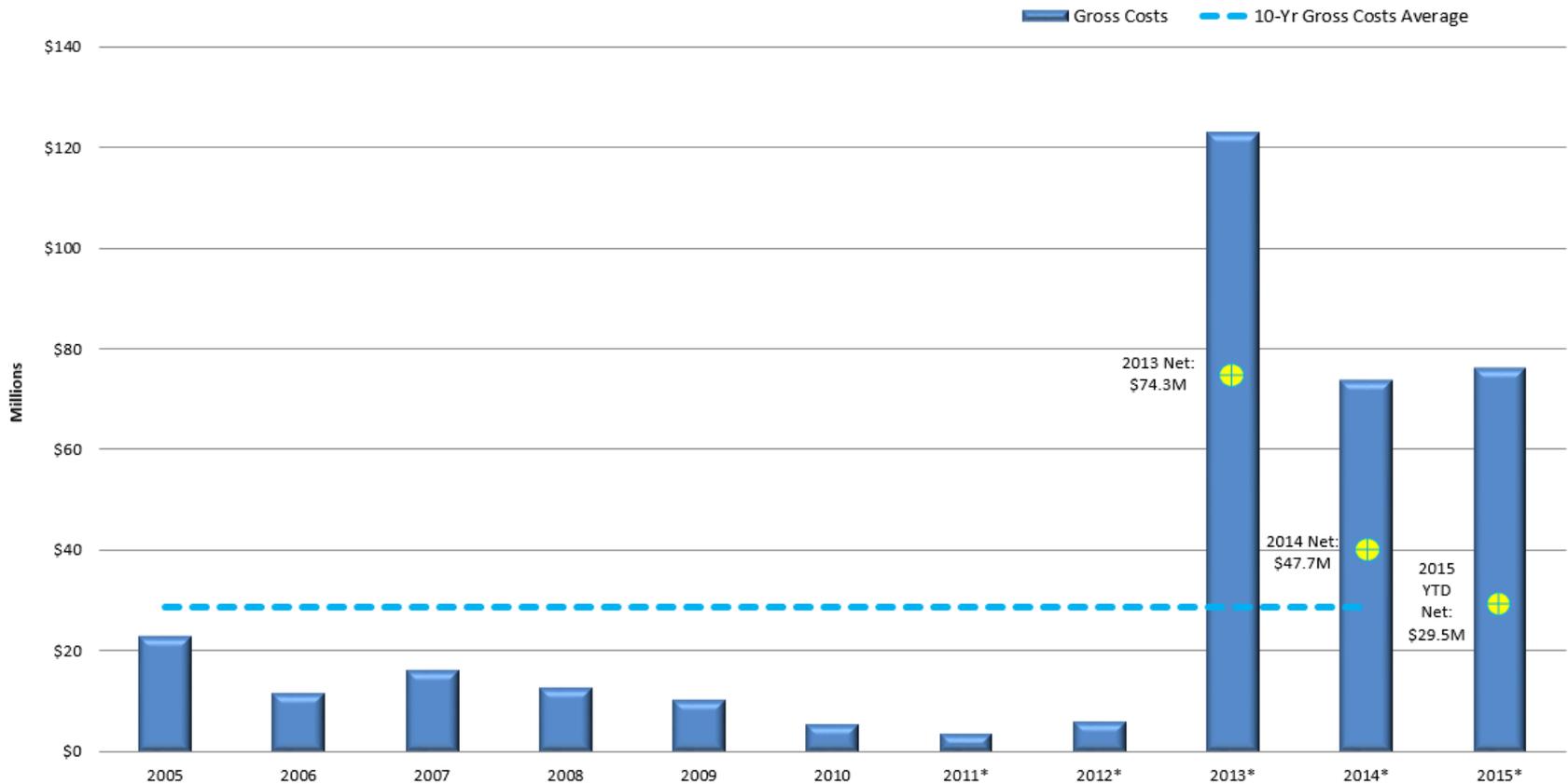
# ODF Large-Fire Costs



## Large Fire Costs

Actual Gross Costs

ODF Fire Intel & EFCC 9/23/2015. Values are by Calendar Year, 10 Yr Avg from 2005-2014



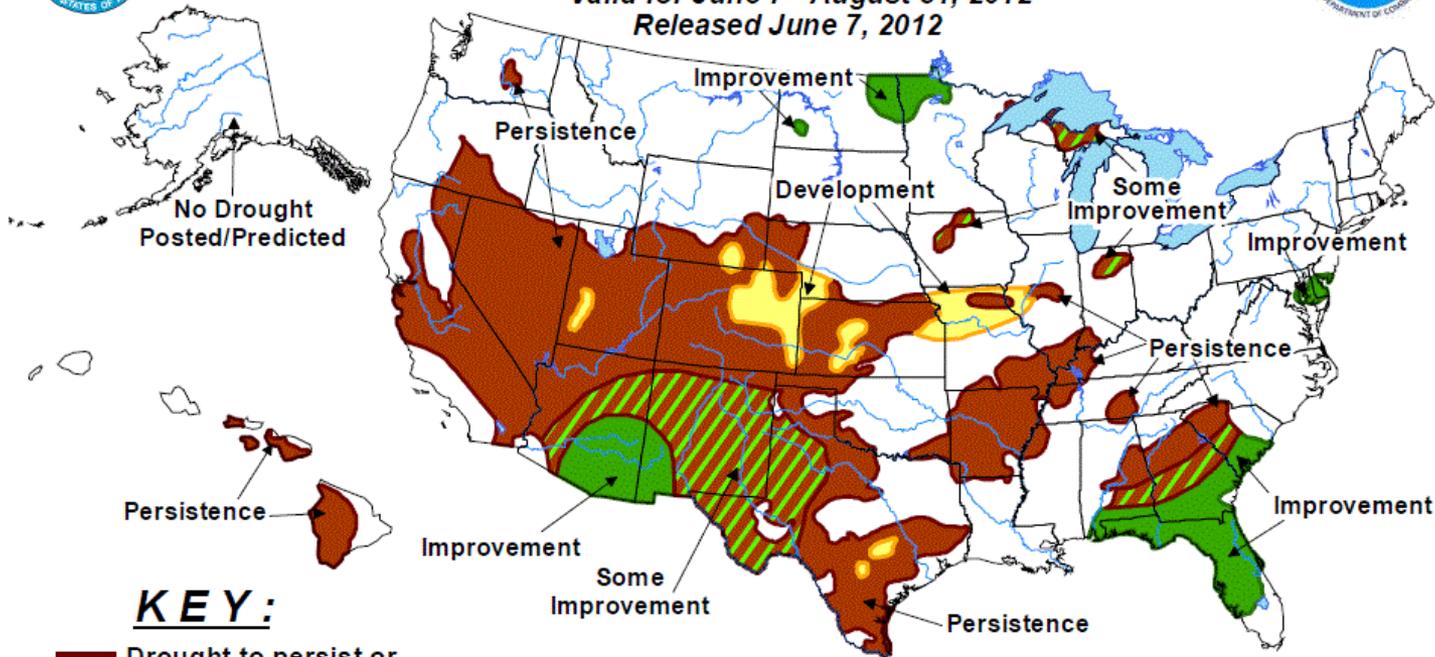
\*includes draft claims figures



# Drought Outlook 2012 - June



## U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period Valid for June 7 - August 31, 2012 Released June 7, 2012



### KEY:

-  Drought to persist or intensify
-  Drought ongoing, some improvement
-  Drought likely to improve, impacts ease
-  Drought development likely

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.



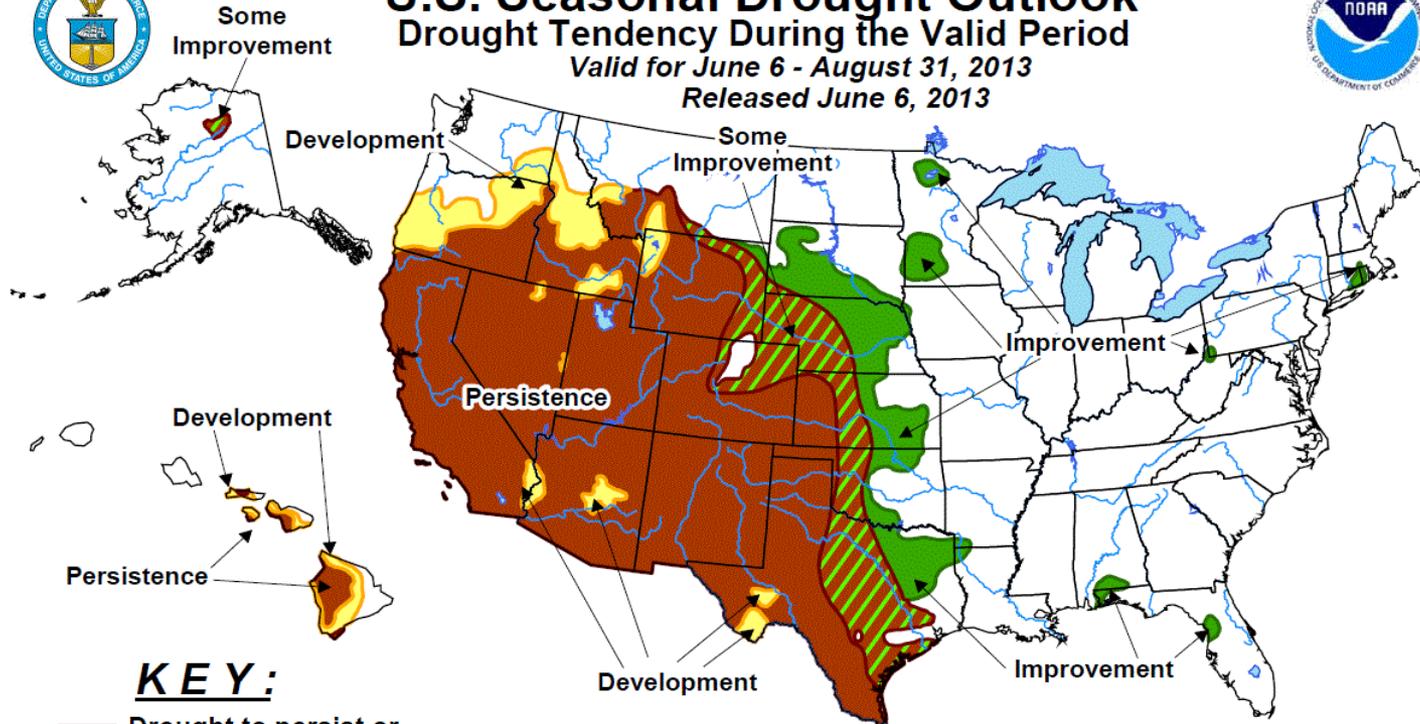
# Drought Outlook 2013 - June



## U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for June 6 - August 31, 2013

Released June 6, 2013



- KEY:**
-  Drought to persist or intensify
  -  Drought ongoing, some improvement
  -  Drought likely to improve, impacts ease
  -  Drought development likely

No Drought Posted/Predicted 

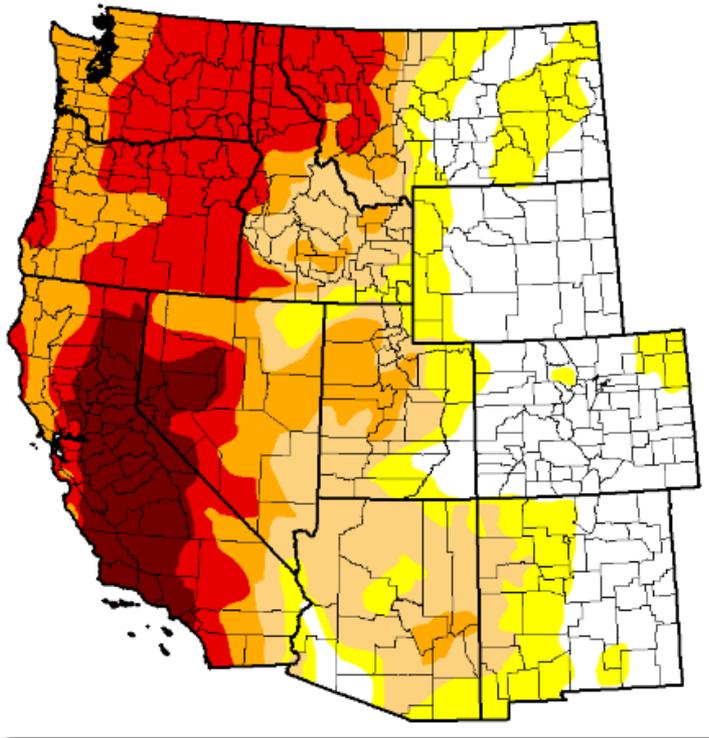
Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

# Drought Monitor

September 2015



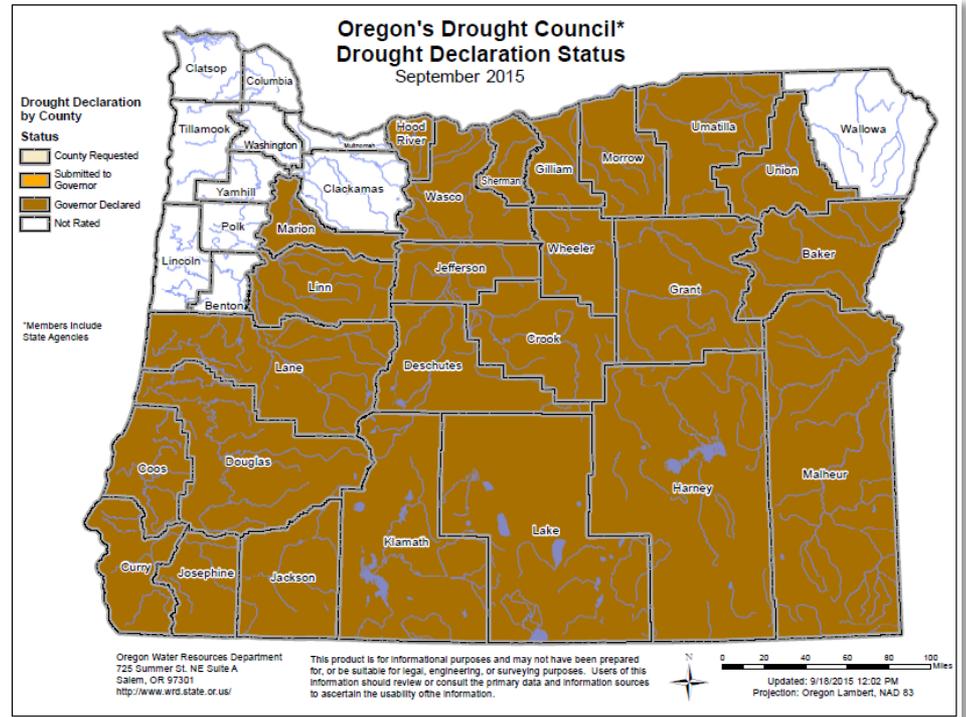
U.S. Drought Monitor – Sept 15, 2015



Intensity:

- D0 - Abnormally Dry
- D1 - Moderate Drought
- D2 - Severe Drought

- D3 - Extreme Drought
- D4 - Exceptional Drought

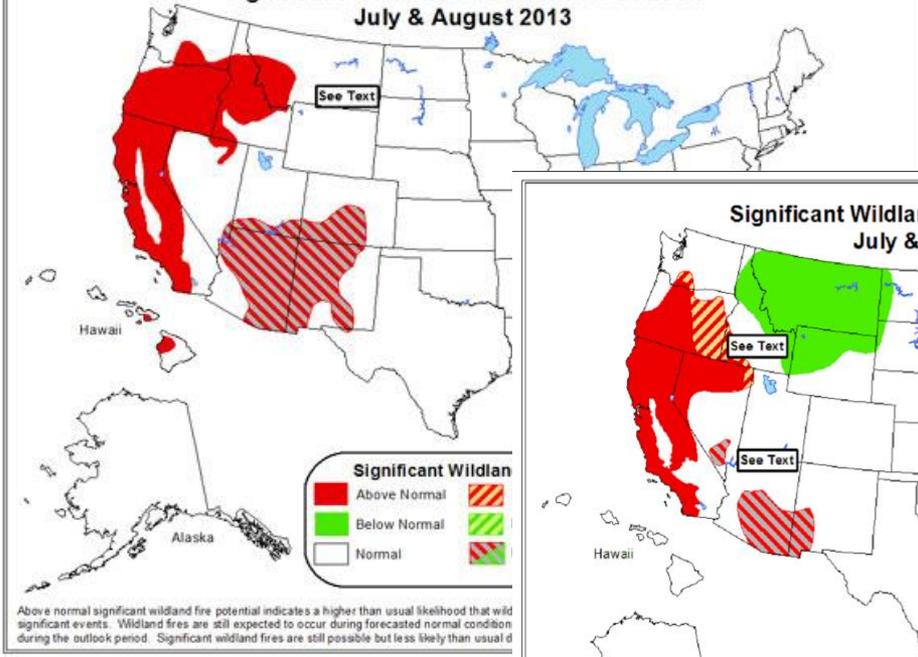


Oregon Water Resources Dept.  
Drought Map Sept 18, 2015

# Wildfire Risk 2013 -2015



**Significant Wildland Fire Potential Outlook  
July & August 2013**

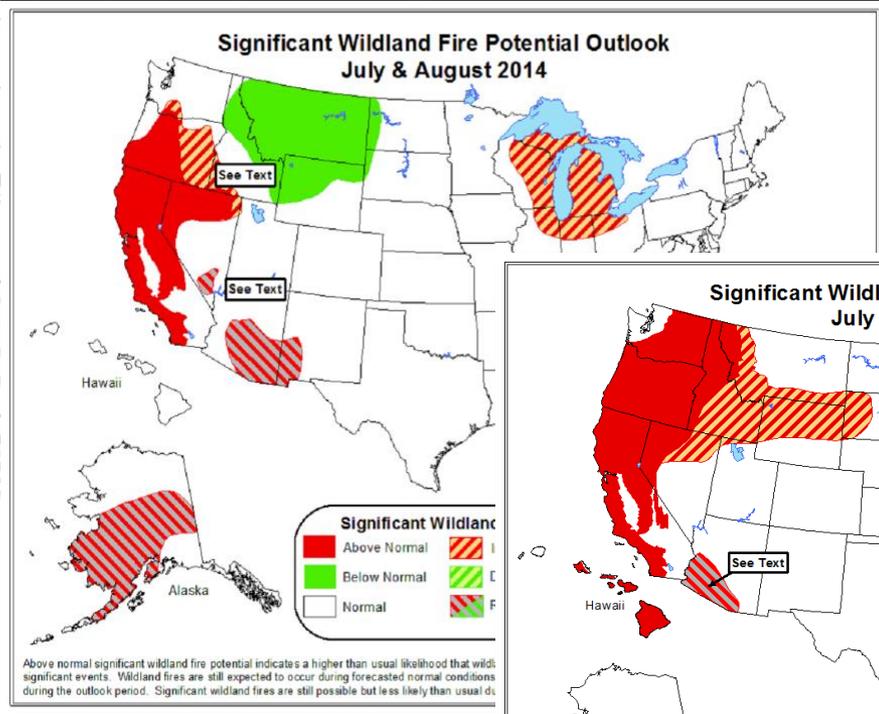


**Significant Wildlan**

<span style="color: red;">■</span> Above Normal	<span style="color: red; border: 1px solid black;">▨</span> Increasing to Above Normal
<span style="color: green;">■</span> Below Normal	<span style="color: green; border: 1px solid black;">▨</span> Decreasing to Below Normal
<span style="background-color: white;">■</span> Normal	<span style="color: red; border: 1px solid black;">▩</span> Returning to Normal

Above normal significant wildland fire potential indicates a higher than usual likelihood that wild significant events. Wildland fires are still expected to occur during forecasted normal condition during the outlook period. Significant wildland fires are still possible but less likely than usual d

**Significant Wildland Fire Potential Outlook  
July & August 2014**

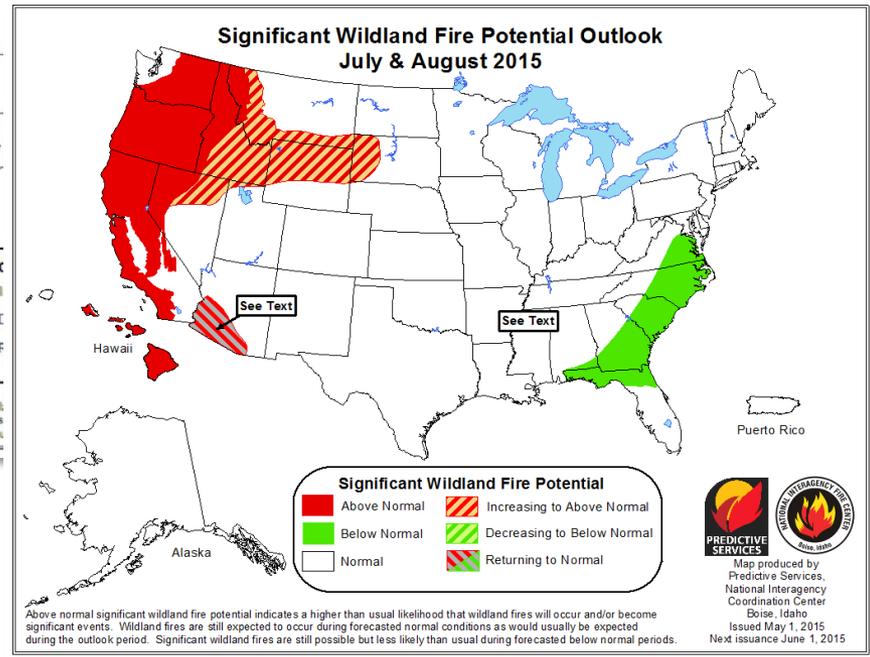


**Significant Wildlan**

<span style="color: red;">■</span> Above Normal	<span style="color: red; border: 1px solid black;">▨</span> Increasing to Above Normal
<span style="color: green;">■</span> Below Normal	<span style="color: green; border: 1px solid black;">▨</span> Decreasing to Below Normal
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Above normal significant wildland fire potential indicates a higher than usual likelihood that wild significant events. Wildland fires are still expected to occur during forecasted normal conditions during the outlook period. Significant wildland fires are still possible but less likely than usual d

**Significant Wildland Fire Potential Outlook  
July & August 2015**



**Significant Wildland Fire Potential**

<span style="color: red;">■</span> Above Normal	<span style="color: red; border: 1px solid black;">▨</span> Increasing to Above Normal
<span style="color: green;">■</span> Below Normal	<span style="color: green; border: 1px solid black;">▨</span> Decreasing to Below Normal
<span style="background-color: white;">■</span> Normal	<span style="color: red; border: 1px solid black;">▩</span> Returning to Normal

Above normal significant wildland fire potential indicates a higher than usual likelihood that wildland fires will occur and/or become significant events. Wildland fires are still expected to occur during forecasted normal conditions as would usually be expected during the outlook period. Significant wildland fires are still possible but less likely than usual during forecasted below normal periods.



Map produced by  
Predictive Services,  
National Interagency  
Coordination Center  
Boise, Idaho  
Issued May 1, 2015  
Next issuance June 1, 2015







# State of Oregon

## Fire Fighting Expense

### Illustrative Examples for a Derivative / Parametric Policy\*



\*Examples do not represent actual options being pursued. Models presented are used only for obtaining initial availability and cost information. Interest in pursuing a derivative / parametric policy and actual options to be determined after obtaining initial availability and cost information.

	<b>Current</b>	<b>Example 1</b> Replace Lloyd's Insurance	<b>Example 2</b> Partially Fund the Deductible	<b>Example 3</b> Build Higher CAT Limit	<b>Example 4</b> Severity Funding**
	Unfunded	Unfunded	Unfunded	Unfunded Derivative/Parametric Cover \$25,000,000	Unfunded
	Lloyd's of London Insurance \$25,000,000	Derivative/Parametric Cover \$25,000,000	Lloyd's of London Insurance \$25,000,000	Lloyd's of London Insurance \$25,000,000	Lloyd's of London Insurance \$25,000,000
<b>\$50,000,000 Deductible</b>	Unfunded	Unfunded	Derivative/Parametric Cover \$30,000,000	Unfunded	Unfunded
	\$20,000,000 OFLPF General Fund	\$20,000,000 OFLPF General Fund	\$20,000,000 OFLPF General Fund	\$20,000,000 OFLPF General Fund	\$20,000,000 OFLPF General Fund
					Derivative/Parametric Cover \$4,000,000

#### Assumptions

- \$50,000,000 deductible before CAT funding applies (Lloyd's policy or derivative/parametric cover)
- Using Drought Index
- Other options and measurements/indexes can be considered after discovery of availability and cost

\*\*Severity Funding – Funds for early pre-staging of firefighting resources toward effort of reducing fire severity



**Thank You**