

# NEWS BRIEF

## Maui Wildfires Likely to Cause Second-largest Insured Loss in State History

Wildfires burning since Aug. 8 on Hawaii's Maui Island will likely result in the second-largest insured loss in the state's history, according to a brief from catastrophe modeling firm Karen Clark & Company (KCC).

**Rebuild costs from the Maui fires could be upwards of \$6 billion, according to estimates.**

As of Aug. 11, the Lahaina fire had burned nearly 2,200 acres, with an estimated 2,207 structures damaged or destroyed. It has also claimed 111 lives\* at the time of this writing, making the blaze the deadliest wildfire in more than a century. Many more people remain unaccounted for, and a reported 4,500 residents have been displaced by the rapid spread of the wildfire.

Catastrophe modelers attributed the fast-moving wildfire to dry conditions, low humidity, and 60-mph winds. Maui has had below-average precipitation this spring and summer, and high winds created by Hurricane Dora as it passed to the south of Hawaii contributed to the fire's speed. The event took officials and emergency responders by surprise, with criticism over reports that sirens did not sound in the town of Lahaina.

Modeling firm CoreLogic estimated about 3,088 residential properties in the fire perimeter with a total reconstruction value of \$1.3 billion.

According to KCC, official reports may underestimate the property damage; approximately 3,500 structures fall within the perimeter of the fire.

In a recent flash estimate, KCC said insured property losses may reach \$3.2 billion.\*

Economic losses from the blaze could be even higher. The University of Hawaii's Pacific Disaster Center (PDC) and the Federal Emergency Management Agency (FEMA) estimated it could cost over \$5.5 billion to rebuild; Hawaii's governor, Josh Green, estimated the damage closer to \$6 billion. The 2,207 damaged or destroyed structures include 80% residential and 9% commercial, per the PDC.

### Summary

As climate change continues, extreme weather may become more commonplace. This means the likelihood of catastrophic events, such as wildfires and floods, may increase even in places where they once seemed unlikely.

Homeowners should consider protecting themselves with home insurance that covers weather-related disasters. Speak with your agent about your coverage; some weather events may be excluded or covered to inadequate levels in a standard policy, necessitating additional insurance.

\*Updated 8/21/23

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