

Lloyd's of London could once again pay for Oregon wildfire costs

By GARY A. WARNER
Oregon Capital Bureau

SALEM — With the prospect of a catastrophic 2021 fire season looming, Oregon will rely again on its one-of-a-kind \$25 million wildfire risk policy with the world's oldest continually active insurance marketplace.

Lloyd's of London, which traces its roots to a 17th century coffeehouse near the Tower of London, has insured the Oregon Department of Forestry against wildfire losses since 1973. No other state has wildfire insurance.

"It's a catastrophic fire-fighting expense policy," said ODF spokesman Jim Gersbach.

Oregon's trees are among Lloyd's one-of-a-kind insurance policies that have included 1940s actress Betty Grable's legs, comedian Jimmy Durante's out-sized nose, rock star Bruce Springsteen's voice, Rolling Stones guitarist Keith Richards' hands, and crooner Tom Jones' chest hair.

The plan will pay up to \$25 million of wildfire costs in Oregon. Under the policy, Oregon covers the first \$50 million in fire costs, then Lloyd's pays the next \$25 million.

Anything above that level is paid for by the state. When costs get that high, federal disaster money usually pays for a large share of the costs.

The worst wildfires in the state's history swept down out of the west Cascades slopes into the Willamette Valley over the 2020 Labor Day weekend. The 16 major fires burned 1 million acres, destroyed more than 4,000 homes and other structures, caused 40,000 people to be evacuated, and killed 11 people.

By the third week of September, the Northwest Interagency Coordination Center, a logistical center for regional wildfire response, estimated Oregon's fires would cost \$53 million, which put the state and Lloyd's on alert that a



Inciweb/Contributed Photo

Downed power lines have been identified as the cause of 13 fires in the Santiam Canyon during 2020. With the prospect of a catastrophic 2021 fire season looming, Oregon will rely again on its one-of-a-kind \$25 million wildfire risk policy with the world's oldest continually active insurance marketplace.

claim might be filed.

The final cost of the Oregon wildfires to the Oregon Department of Forestry was about \$130 million. The bill was offset by more than \$70 million in federal disaster aid, along with fees the state earned for fighting fires on land it did not control and reimbursement for other aid.

"The cost for suppressing the 2020 wildfires is estimated at just under \$50 million, which is why it did not trigger the policy," Gersbach said.

The current policy runs through April 15, 2022. Lloyd's of London accounts for 90% of the policy cost, while Nashville-based Acceptance Insurance carried 10%.

The Legislature will vote on a portion of the premium in the Oregon Department of Forestry budget, which is now before the Joint Ways & Means Committee.

When Lloyd's of London

and the state negotiated a renewal of the policy, it included a relatively modest 3% premium increase to

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\$4,131,871 per year. The cost is split between the state and private timberland owners. Landowners pay their share through a property tax formula.

The Oregon Department of Forestry, which holds the insurance contract for the state, says the policy has saved the state millions over the years. The agency is responsible for about 16 million acres of forested land — about half

the total in the state.

ODF is also the key fire-fighting agency on 2.3 million acres controlled by the U.S. Bureau of Land Management.

"This helps the agency keep fires from spreading to other ODF-protected lands, minimizing overall cost and potential loss," Gersbach said. "If a fire on BLM land escapes initial attack, BLM is no longer eligible to receive large fire cost reimbursement."

In those cases, BLM must reimburse the state for ODF's firefighting costs. Reimbursements for the 2020 fires are one of the reasons the overall costs to

ODF fell below the minimum level for the Lloyd's policy to be activated.

Gersbach said during the 48-year relationship with Lloyd's, the state has received \$99 million in claims payments against \$75 million in premiums it paid. The most recent claims ODF made were for \$25 million in 2013 and \$23.2 million in 2014.

The consecutive years of claims led Lloyd's to nearly double the premium from \$2 million to \$3.75 million. The deductible rose from \$20 million to \$50 million, while Lloyd's maintained a cap on its payout to \$25 million.

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Oregon to allow indoor, full-contact sports

Associated Press

PORTLAND — State officials say despite a fourth surge and rising numbers of patients hospitalized because of COVID-19, Oregon Gov. Kate Brown will ease restrictions by allowing "indoor full-contact sports" to restart by the end of the week.

The Oregonian/OregonLive reports the governor's office and the Oregon Health Authority said the move is in recognition of "the importance of athletics for the physical and mental health of Oregon's youth athletes," although the loosened restrictions also apply to adults.

Low-contact indoor sports already were permitted, but the new rules for the first time since last spring will allow Oregonians of all ages to engage in indoor basketball, cheerleading, wrestling and water polo, among other sports.

Over the past month, new daily cases have increased about 150%, including 55% in the past two weeks.

That's faster than the national average, with new cases rising in the United States 4% in the past two weeks.

The number of hospitalized patients in Oregon also has jumped from 106 people a month ago to 255 Tuesday, a 140% increase. In the past two weeks, Oregon's number of COVID-19 patients have grown by 49%, compared with the national average of 10%.