

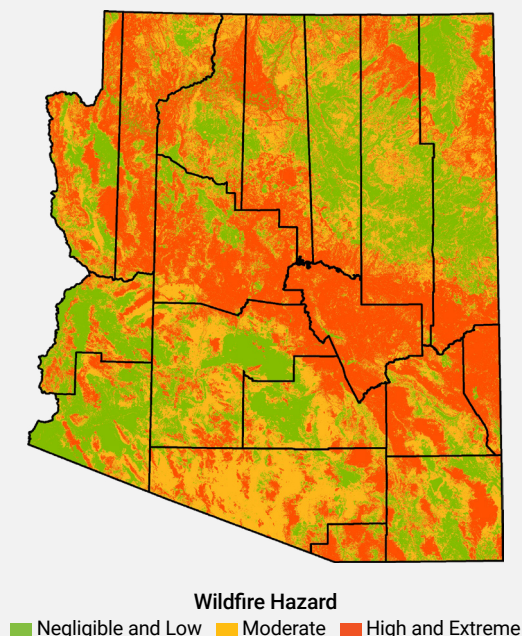
# Wildfire State Risk Report: Arizona

Wildfires continue to be costly and potentially growing exposure for many insurers, resulting in billions of dollars in losses. This report provides a high-level overview of wildfire risk for Arizona.

## Wildfire Risk at a Glance

Percentage of structures at low to moderate risk <sup>1</sup>	26%
Percentage of structures at high to extreme risk <sup>1</sup>	5%
Number of wildfires (2022) <sup>2</sup>	1,400
Acres burned (2022) <sup>2</sup>	124,000
Largest historical wildfire <sup>2</sup>	Wallow (2011) 538,000 acres burned
Largest aggregate insured wildfire loss and year <sup>3</sup>	\$120 million (2002)

Sources: 1. FireLine, 2. NIFC, 3. PCS



## Wildfire Exposure

FireLine®, Verisk wildfire risk assessment tool, identifies the top five counties by highest concentration of structures in high and extreme wildfire risk categories.

County	Concentration of structures	Percentage of structures in the WUI	
		Intermix	Interface
Gila	41%	56%	42%
Navajo	33%	61%	31%
Greenlee	27%	36%	61%
Apache	25%	77%	18%
Coconino	22%	52%	40%

The Verisk Wildfire model for the U.S. explicitly accounts for fire branding/spotting, the primary mode of fire spread into the wildland-urban interface (WUI) and through urban areas. Various WUI types exist. An intermix WUI is where development, such as structures, is interspersed or scattered throughout wildland vegetation. This type of WUI is often found in rural, exurban, or large-lot suburban developments. An interface WUI is where development is grouped near areas with wildland fuels and there is a clear line of separation between development and vegetation, which may appear as an abrupt edge between a highly urbanized or suburban neighborhood and a wildland area. The percentage of structures in the WUI (above) are estimated by leveraging Verisk's Industry Exposure Database and data from the U.S. Geological Survey.

## Construction Activity

Continued development within high-risk areas—WUI and intermix WUI areas—creates a high potential for increasing loss exposure.

Verisk analysis shows that new construction in Yavapai County, AZ grew 5% from 2021 to 2022. Comparatively, new construction in Yuma County declined 48% in the same timeframe.

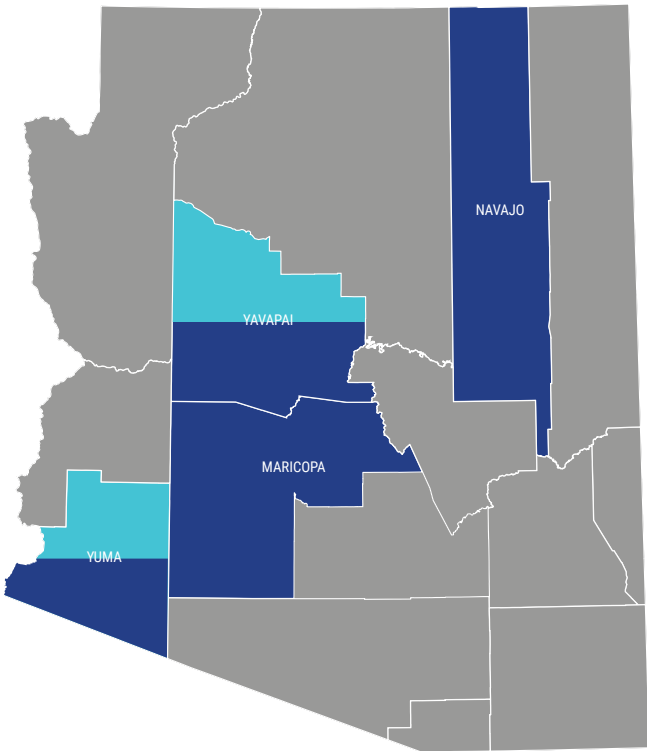
## Mitigation Activity

The National Fire Protection Association (NFPA®) shares robust data from its Firewise USA® recognition program with Verisk, covering thousands of communities across various states engaging in wild-fire mitigation efforts. More than 95% of communities recognized as Firewise USA maintain their active status over multiple years.

Counties with the most communities participating in the Firewise USA Program in Arizona include:

- Yavapai
- Navajo
- Maricopa

Mitigation data, including community-level efforts, parcel-level information, and structure hardening insights are delivered through FireLine.



■ Construction Activity ■ Mitigation Activity

## Claims Activity

Claims data comes from XactAnalysis® and is specifically related to wildfire. Data relies on the company handling the claim to properly indicate that wildfire was the cause of loss and not a separate type of fire.

County	Maricopa	Coconino	Pinal	Yavapai	Cochise
Claim Severity	\$2,560,106.97	\$1,565,574.88	\$261,452.28	\$159,764.85	\$106,714.55

## Reconstruction Cost Trends

As natural catastrophes become more frequent, severe, and widespread, granular property data and reliable reconstruction cost estimates (RCEs) can help keep policyholders appropriately protected and supported in a time of loss.

Using 360Value®, average reconstruction costs for residential and commercial structures in Arizona increased 6% and 8%, respectively, from September 2022 to September 2023. Lengthening build times create additional pressures as inflation increases over the course of construction.

For more information: 1-855-859-8775 | [verisk.com/wildfire](https://verisk.com/wildfire)