Case Study

**Background:**

Due to global climate change, the frequency and severity of wildfires has been steadily increasing. Although many fire causes are due to “human activity”, climate change has made many parts of the US more prone to wildfire. ABC Insurance Company (ABC) is reviewing its underwriting criteria to see if it is effectively underwriting its new business homeowners’ policies.

**Your role:**

You are hired as a consultant to ABC to help identify the major contributing factors to a wildfire risk for Homeowner’s insurance. ABC considers the following variables when underwriting wildfire risks.

The variables are:

1. Fuel: Grass, tree, or dense bush
2. Slope: The inclination of your home.
3. Access: Easier access to your home and proximity to fire stations.
4. Weather: Wind, and dry weather conditions.

**Objective:**

ABC is reviewing its underwriting guidelines for its adequacy against wildfire potential. You are tasked with conducting competitive market research to see if there are other variables/contributing factors ABC might want to consider in its underwriting criteria. ABC wants to be able to differentiate homes with high wildfire risk to those with medium/low wildfire risk.

In addition, the contributing factor(s) you identified need to meet the following criteria:

1. Non-discriminatory- The contributing variable you identified CANNOT be discriminatory towards a certain age, race, religion, or income group.
2. Verifiability- The contributing variable can be easily verified through research or questionnaire.
3. Cost- The cost to verify and ascertain this contributing variable should not be cost prohibitive.

**Deliverable:**

Please deliver a MS Power Point deck with your findings and recommendations. In your power point, you can also include potential questions you may need to know about ABC’s insurance data, and how that data can help you make your decisions. (You can use other software to create your deck). Last, if the homeowner needs to make adjustment to his or her property; the cost must be reasonable.

Your presentation can be up to 10 slides.

**Useful resources:**

<https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA/Firewise-USA-Resources/Firewise-USA-sites/State-listing-of-participants>

[https://contentdev.sierraclub.org/www/sierra/5-ways-protect-your-home-wildfires](https://urldefense.com/v3/__https:/contentdev.sierraclub.org/www/sierra/5-ways-protect-your-home-wildfires__;!!EXyGcbrR!H77nZTF4w0hgCKR125bAZ8cTBGGFYcqvaV74AliWav91zh2VJ5mz2f76dbUzN1D1B_Kkw3WIiw$)

<https://wildfirerisk.org/>

<https://youtu.be/-EIkpbYItnA>