



Wildfires and Catastrophic Risk in the Wine Industry

For now, many catastrophic wildfire claims are still in gray zones, ultimately to be determined in court. Finger pointing, from poor forest management to who provided the spark, will be ongoing. That said, a lot of insurance activity appears to still focus on more conventional risk modeling, with fire mitigation as a central theme.

Larry Chasin, CEO of PAK Programs Insurance, and his team travel the country to assess the physical characteristics of production facilities and identify potential loss due to catastrophic events, such as the wildfires in California. He told me that “boots on the ground,” with personalized coverage is still an overarching theme for his specialty company, but they continue to innovate in the market.

A large part of their program is iRAD™, or Insurance Risk Assessment Drone. I spoke with creative director Justin Guerra, who talked about developing an aerial mosaic with GIS (Geographic Information Systems) for each winery. He also described their Fire Triangle, a formula whereby they identify three components critical to fire protection: fuel, topography and weather.

As you might expect, being proactive with defensible space by eliminating surrounding trees and undergrowth is paramount. Studying the surrounding landscape, including canyons and slopes, may offer predictable avenues for fire to spread and should be the focus of prevention efforts. The location of buildings, pump houses and related structures is also important to include for any underwriting.

A major problem, however, is weather, which caught everyone off guard in Napa and Sonoma counties in 2020. While every state is as different as the landforms and winery locations therein, California has the Santa Ana and Diablo winds to consider.

Current science suggests that climate change is increasing the winds’ intensity and frequency, which will impact the wine industry everywhere. When all conditions are ripe—reoccurring droughts contribute to dry grass and plenty of fuel, which coincide with a blast of hot Santa Ana winds and a “spark”—your hillside vineyard might suddenly be in the wrong place at the wrong time. Moreover, scientists who utilize tree core samples and carbon dating have well established that wildfires are simply part of California’s history, dating back long before vineyards on hillsides. [View Full Article](#)