

NEWS BRIEF

Verisk Estimates LA Wildfire Insured Losses at \$28 to \$35 Billion



WINTERS-OLIVER
INSURANCE AGENCY, INC.

Verisk's Extreme Event Solutions team has projected insured losses ranging from \$28 billion to \$35 billion for the Palisades and Eaton Fires that devastated thousands of acres in Los Angeles County over the last two weeks.

According to the modeler, the estimate includes private market and California FAIR Plan losses. Verisk said the Palisades Fire is expected to cost between \$20 billion and \$25 billion, while the smaller Eaton Fire losses will range from \$8 billion to \$10 billion.

Most of the losses are to residential properties, the firm added, and the Pacific Palisades region has some of the highest property values in the U.S., with losses expected to include personal articles, including jewelry, fine art, and other high-value items.

"The ongoing devastation from these deadly wildfires is truly heartbreaking," said Rob Newbold, president of Extreme Event Solutions at Verisk. "We are advancing science and risk management to help communities build resilience against disasters like these catastrophic wildfires. The amount of data and insights to support mitigation efforts continues to grow, which can help inform how communities rebuild in the wake of this disaster."

Verisk noted that its loss estimates include damage to residential, commercial, and industrial properties, as well as autos for structural damage, contents and time element coverages. The range also takes into account demand surge and debris removal.

"Given the large number of destroyed structures from these two events, and the need for complete rebuilding, it is likely that losses stemming from debris removal coverage will be nontrivial," Verisk added.

They do not include smoke damage; the impact of potential litigation; fraudulent assignment of benefits; ordinance or law coverage; losses due to guaranteed replacement cost coverage; uninsured damage; infrastructure damage; or costs due to vandalism, hazardous waste, civil commotion; or loss adjustment expenses.

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