

Building Resilience: Fire Risk, Property Exposures & Modern Insurance Solutions

Nebraska CE | Property & Casualty



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Course Roadmap: Five Modules, One Continuous Story

- 150 minutes of instruction plus one 15-minute break
- Module 1 | Fire risk fundamentals and why it matters
- Module 2 | Protection Classes (PPC) and underwriting impacts
- Module 3 | Ordinance or Law: the hidden exposure
- Break | 15 min, not counted toward credit
- Module 4 | Parametric insurance
- Module 5 | Prevention, mitigation, and disaster planning
- Wrap-up | Integrated case study and framework

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Learning Objectives: By the End of This Course You Will Be Able To

- Explain why fire remains catastrophic and name three trends driving loss and rebuild costs
- Describe the three weighted FRS components and how a Protection Class affects underwriting
- Distinguish Ordinance or Law Coverages A, B, and C, and calculate a coverage gap
- Compare indemnity and parametric insurance, name common triggers, and explain basis risk
- Identify five mitigation actions and the questions to ask about fire preparedness
- Combine all four topics into one integrated resilience recommendation

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The Natural Progression of This Course

Understand the hazard	What fire losses look like now, and why they are larger and slower to rebuild than clients expect.
Understand the evaluation	How communities and buildings are graded, and how that grade flows into eligibility, price, and capacity.
Understand the coverage and its gaps	What the property form pays, what code upgrades add, and what parametric cover can fund that indemnity cannot.
Understand prevention	How mitigation and planning reduce the loss before it happens, and how that makes you a risk advisor.

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Module 1: Fire Risk Fundamentals & Why It Matters

20 minutes | The foundation for everything that follows


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Fire Is Still One of the Most Costly Property Perils

1.38M Fires US fire departments responded to in 2024, causing an estimated \$19.1 billion in direct property damage	83% Share of that damage caused by structure fires, about \$15.3 billion, although they were only 34% of fires
1,544 Average warehouse structure fires per year, 2020 to 2024, with about \$314 million a year in direct damage	18% / 40% Warehouse fires between midnight and 6 a.m.: 18% of fires but 40% of the damage, because discovery is delayed

Source: NFPA Fire Loss in the United States, NFPA Warehouse Structure Fires

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Wildfire Has Changed the Conversation, Including in Nebraska

\$28-35B Verisk estimate of insured losses from the January 2025 Palisades and Eaton fires in Los Angeles County	824,000+ Acres burned by four Nebraska wildfires that started March 12, 2026, beating the 2012 record of 503,000
643,000 Acres burned by the Morrill Fire alone, the largest single wildfire in Nebraska history	35,000+ Cattle displaced across western and central Nebraska by the March 2026 fires

Source: Verisk PCS / Extreme Event Solutions, Nebraska Legislative Research Office

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Four Trends Changing the Size and Shape of a Fire Loss

Wildland-urban interface growth	Wildfire now reaches communities once considered low hazard, including rangeland towns and acreage homes.
Older downtown cores	Dense, aging buildings with outdated electrical and fire-protection systems, where one fire can spread to shared walls.
Supply chains and labor	Material and skilled-trade shortages stretch rebuild timelines and make business interruption claims longer.
Construction-cost inflation	US reconstruction costs rose 3.6% in the year to April 2026, and commercial costs rose 4.1%, which also widens Ordinance or Law gaps.

Source: Verisk reconstruction cost trends, NABE

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Discussion: What Made the Loss Bigger Than the Client Expected?

- Think of a recent large fire loss, commercial or wildfire, that you handled or heard about
- What was the single factor that made it larger than expected?
- Was it the fire itself, the rebuild, the code, the downtime, or the limit?
- Hold on to your answer: each module ahead addresses one of these factors

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How Insurers Evaluate Fire Risk: The COPE Framework	
Construction	Frame, joisted masonry, noncombustible, masonry noncombustible, modified fire resistive, and fire resistive. Age, roof, and updates matter too.
Occupancy	What happens inside: the fuel load, ignition sources, hot work, and storage height and arrangement.
Protection	Public protection (the Protection Class) plus private protection such as sprinklers, alarms, and central station monitoring.
Exposure	What surrounds the building: adjoining occupancies, separation distance, vegetation, and wildfire hazard scores.

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Fire Risk Touches Every Part of the Policy	
Underwriting	COPE drives eligibility, referral, and inspection decisions, and many carriers now revisit them at every renewal.
Pricing	Base rates plus territory and protection-class credits or debits, then individual risk modifications.
Coverage availability	Some markets restrict or decline capacity in high wildfire-hazard zones or where public protection is weak.
Claims outcomes	Cause and origin investigation, subrogation, valuation disputes, and how the loss interacts with Ordinance or Law.

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Module 2: Protection Classes (PPC) & Underwriting Impacts

35 minutes | Something every agent knows exists and few fully understand



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What Is a Public Protection Classification?

- A grade from 1 to 10 published by ISO (Verisk); Class 1 is exemplary, Class 10 means minimum criteria are not met
- It measures a community's ability to respond to and suppress structure fires, not a building's
- Insurers use it across personal and commercial lines as one input to rating and eligibility
- Split classes such as 3/3Y apply different grades by distance from a station and a hydrant
- Example: Alliance, Nebraska earned PPC 03/3Y in 2024, placing it in the top 3% of Nebraska departments

Source: [ISO Mitigation, PPC program, City of Alliance, NE](#)

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The Fire Suppression Rating Schedule: 105.5 Points

50 pts

Fire department: staffing, apparatus and equipment, training, and station distribution and response

40 pts

Water supply: hydrant spacing and condition, tested flow, and alternative supply such as tankers and dry hydrants

10 pts

Emergency communications: 911 capability, telecommunicator staffing and training, and dispatch reliability

+5.5 pts

Community risk reduction extra credit: fire prevention and code enforcement, safety education, and investigation

Source: [ISO Mitigation, CMS](#)

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The Divergence Factor: Why Balance Matters

- Divergence reduces the score when fire department and water supply capability are badly mismatched
- A strong engine company with no usable hydrant system cannot reach a top-tier class
- A strong water system with a thinly staffed department has the same problem in reverse
- Minimum criteria also apply before a community can earn Class 9, 8B, or 8 or better
- Underwriting takeaway: ask which component limits the community, not just what the number is

Source: [ISO Mitigation, CMS](#)

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Same Schedule, Very Different Pictures:
What Limits Each Property?

- For each property, name the limiting FRS component
- Downtown commercial building: full-time paid department and municipal hydrants
- Rural grain facility: volunteer department, no hydrant within 1,000 feet
- Manufacturing plant: private sprinklers and an on-site fire brigade
- Small-town church: volunteer response, older hydrant grid
- Farm property: well or pond water supply only

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Four Ways Protection Class Shows Up in Underwriting

Eligibility	Some markets treat PPC 9 or 10 as a decline or refer-to-underwriter trigger, especially with wildland-urban interface exposure.
Pricing	Protection-class relativities can produce a large percentage swing between PPC 3 and PPC 9 for identical construction and occupancy.
Capacity	Excess and surplus lines markets often write the risks that standard markets will not write above a certain class.
Reinsurance	Treaty reinsurers study a carrier's PPC mix; a book tilted toward PPC 8 to 10 uses more catastrophe capacity at renewal.

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Misconception: "The Building Determines the Class"

1

The community sets the PPC

Fire department, water supply, and communications infrastructure produce the number.

2

The building is credited separately

Sprinklers, alarms, and construction are underwritten as building-level credits.

3

Location decides which class applies

Distance to a responding station and a creditable hydrant selects the split class.

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Interactive Exercise: Estimate, Flag, and Price

- Work in table groups on three to five properties from the comparison slide
- Estimate the likely Protection Class range
- List the underwriting concerns a carrier would flag
- Describe the pricing and market implications
- Be ready to defend your answer in the group debrief

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Module 3: Ordinance or Law Coverage: The Hidden Exposure

35 minutes | Why a fire loss can become much larger than expected



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Opening Story: When the Policy Is Not Enough

- Everyone assumed "the property policy will rebuild it" until the permit review
- Building codes had changed since original construction
- ADA accessibility requirements applied to the reconstruction
- The electrical system required a full upgrade to current code
- Sprinklers became mandatory at the building's size and occupancy
- The roof assembly had to meet current wind and fire ratings

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The Three Parts of Ordinance or Law Coverage



Loss to the undamaged portion

Pays for undamaged parts that code requires be torn down, such as a partly burned building that must be razed.



Demolition cost

Pays to demolish and clear the undamaged portion of the building.



Increased cost of construction

Pays the extra cost of rebuilding to current code, above the cost of rebuilding the original.

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What the Base Form Gives You Without the Endorsement

- Standard property forms exclude ordinance or law loss almost entirely
- ISO CP 00 10 gives only a small Increased Cost of Construction additional coverage
- That coverage is the lesser of \$10,000 or 5% of the building limit, on replacement cost only
- Under the ISO endorsement, Coverage A is usually included in the building limit
- Coverages B and C carry their own limits, often a flat dollar amount that is easy to under-buy

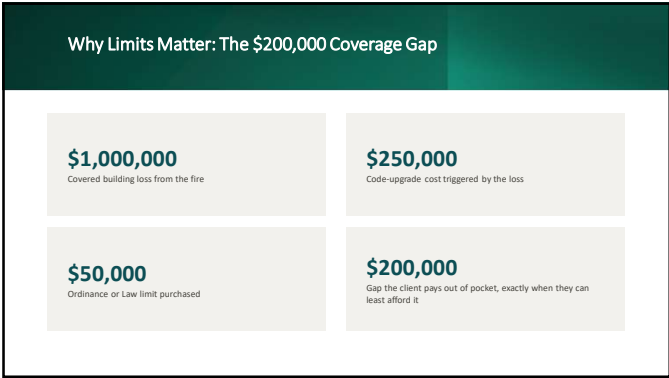
Source: ISO CP-00-10 summary, [Frontiers Claims](#)

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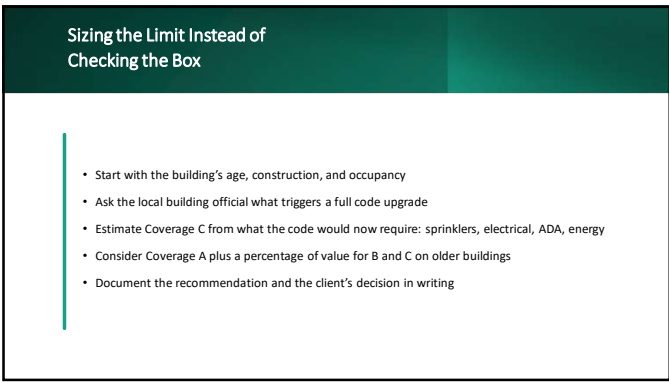
Where the Exposure Is Largest: Properties Built Before Current Code

- Think of a client property built before 1990: what code has changed since?
- Historic buildings and older downtown structures
- Schools and churches
- Apartment buildings
- Pre-code commercial property: energy, accessibility, and life-safety upgrades
- Buildings repurposed to a new occupancy

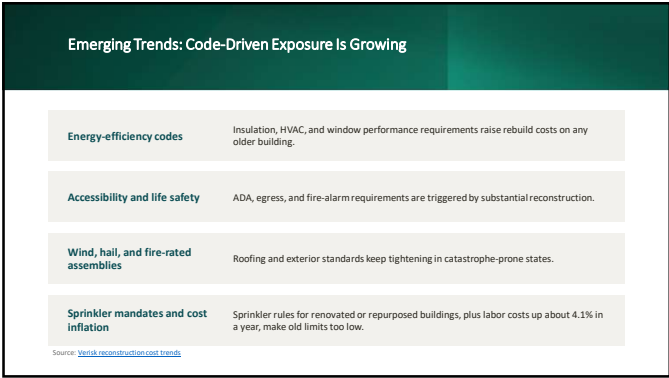
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Discussion:
Re-Evaluating Ordinance or Law at Renewal

- How should a producer re-evaluate Ordinance or Law limits at every renewal, not just at binding?
- What would you need from the client each year?
- What would you document in the file?

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Break: 15 Minutes

Not counted toward credit hours | Please sign back in when you return

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Module 4: Parametric Insurance: A New Way of Thinking About Risk

25 minutes | When the trigger is not traditional property damage

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Traditional Versus Parametric Insurance

What triggers payment	Traditional: direct physical loss from a covered cause. Parametric: an objectively measured event crosses a set threshold.
How the loss is measured	Traditional: adjustment determines the actual loss. Parametric: no loss adjustment; the amount is agreed in advance.
How fast it pays	Traditional: weeks or months. Parametric: often within days of the trigger being verified.
What it is for	Traditional: repair and replace. Parametric: fast liquidity for costs that are hard to insure or slow to adjust.

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Common Triggers and Why Parametric Is Growing

- Triggers: an objective measure from a trusted third party
- Wildfire perimeter within a set distance of the location
- Sustained wind speed, earthquake magnitude, rainfall, or temperature
- Growth drivers
 - Faster payment, and cover for exposures traditional markets avoid
 - Business interruption funding needs and the scale of recent catastrophes

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The Parametric Market in Numbers

\$3.48B

Estimated global parametric insurance market in 2025

\$7.64B

Projected market by 2031, a compound annual growth rate of about 13.7%

Days

Typical payment time after a verified trigger, compared with months for complex indemnity claims

June 2026

Liberty Mutual Re and ICEYE launched a building-level parametric wildfire cover using satellite radar

Source: [Mordor Intelligence](#), [Liberty Mutual Re](#) / [ICEYE](#)

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Fire Example 1: The Wildfire Perimeter Trigger

- The trigger: an official fire perimeter crosses a defined boundary around the insured location
- Perimeter data comes from sources such as NIFC and state fire agencies, not an adjuster
- Payment can arrive before anyone knows whether the structure itself was damaged
- Cash funds evacuation, temporary relocation, payroll, or business continuity
- Any traditional property claim continues separately on its own timeline

Source: [Arbol wildfire](#)

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Fire Example 2: Public Safety Power Shutoffs

- Utilities de-energize lines during extreme fire weather to prevent ignitions
- In December 2025 Xcel Energy cut power to about 50,000 Colorado customers in one event
- A business can be shut down for days with no physical damage at all
- Property and business income forms may not respond without a physical damage trigger
- A parametric cover keyed to a shutoff event or wind threshold can fund the interruption

Source: [Real Energy](#)

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Basis Risk: The Trigger and the Loss Do Not Always Match

Trigger met, small loss The policy pays more than the actual loss. It is imprecise, but clients rarely complain.

Real loss, trigger missed The fire stops just outside the boundary or the wind falls just short, and nothing pays. This is the scenario clients find hardest to accept.

How to manage it Choose triggers and distances carefully, explain basis risk before binding, and position parametric as a complement to traditional cover, never a replacement.

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Connecting the Modules So Far

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Protection Class

Measures community preparedness before the loss.

3

Ordinance or Law

Addresses rebuilding complications after the loss.

4

Parametric

Addresses funding gaps and speed when infrastructure is overwhelmed or no damage occurs.

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Module 5: Fire Prevention, Mitigation & Disaster Planning

25 minutes | The best claim is the one that never happens

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Property-Level Mitigation: Commercial Risks

- Electrical equipment is involved in 16% of warehouse fires and 18% of the damage
- Routine electrical inspections by a qualified contractor
- Infrared thermography of switchgear and panels to find overheating connections
- Disciplined housekeeping and combustible-storage controls
- Documented sprinkler inspection, testing, and maintenance records
- Hot-work permits and after-hours monitoring for delayed discovery

Source: NFPA Warehouse Structure Fires

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Residential Risks: The Home Ignition Zone

1

Immediate zone: 0 to 5 feet

Noncombustible: no mulch, wood piles, or dry vegetation against the home.

2

Intermediate zone: 5 to 30 feet

Spaced, trimmed, low vegetation and fuel breaks such as walkways.

3

Extended zone: 30 to 100 feet

Reduced fuel so fire slows and stays on the ground.

Source: NFPA Preparing Homes for Wildfire

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Organizational Fire Disaster Planning

1

Before the loss

Contact lists, vendor agreements, asset records, off-site backups, and current building plans.

2

During the loss

Evacuation procedures, employee head counts, and a communications plan.

3

After the loss

Temporary operations, restoration vendors, claim documentation, and a continuity plan.

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Agent Conversations:
Six Questions for Every Commercial Client

- When was your building constructed?
- Have major renovations occurred, and were permits pulled?
- Do you know your Protection Class, and has it changed recently?
- Have building codes changed materially since construction?
- What would happen if you could not operate for 90 days?
- Do you have a documented fire recovery plan?

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Wrap-Up: Bringing It All Together

10 minutes | One case, four lenses

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Case Study: A 1960s Rural Commercial Building and a Wildfire

Protection Class	How did the volunteer department and water supply affect the response, and how did that PPC show up in the file before the loss?
Ordinance or Law	What electrical, ADA, sprinkler, and roofing upgrades will the rebuild require, and was the limit sized for them?
Parametric	Could a wildfire-perimeter or shutoff-triggered payment have covered payroll and vendors while the claim was adjusted?
Mitigation	What defensible space, housekeeping, or electrical work before the fire would have reduced the loss?

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The Resilience Framework for Producers

- Use it with any commercial or personal lines client
- Identify the hazard
- Evaluate the risk
- Understand the coverage
- Recognize the coverage gaps
- Implement mitigation and improve resilience

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Course Close:
Credit, Evaluation, and Next Steps

- Full attendance for all 150 minutes is required for 3.0 credit hours; no partial credit
- Complete the sign-out sheet with your time out and NPN
- Complete the Nebraska DOI continuing education evaluation form
- Pick one client this week and ask the six questions
