LESSONS LEARNED FROM THE PALISADES & EATON WILDFIRES

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The Palisades and Eaton wildfires reinforced that wildfire losses do not behave like traditional property claims. Rather than isolated damage events, they function as community-wide construction, environmental remediation, and recovery projects. Outcomes were driven by regulatory complexity, access constraints, sequencing, labor and material availability, documentation quality, and expectation-setting, not solely by coverage interpretation.

Now more than one year removed from the event, rebuilding efforts continue, and lessons are still being learned. Public permitting data, construction progress, and long-tail recovery programs demonstrate that wildfire recovery is a multi-year process. While each wildfire presented unique conditions, the recovery challenges and lessons learned were highly consistent across both footprints. This paper summarizes key lessons learned from direct involvement in Palisades and Eaton wildfire losses and offers practical guidance for insurers and claims leaders seeking more predictable and defensible outcomes in future wildfire events.

1. Wildfire Losses Are Community Rebuilding Projects

Wildfire losses differ fundamentally from wind, hail, or flood events. In the Palisades and Eaton wildfires, total and partial losses were concentrated within dense geographic areas, creating shared constraints related to debris removal, access, labor, materials, permitting, inspections, and utility restoration.

Traditional claim workflows often assume losses can be evaluated independently. In wildfire environments, that assumption breaks down. Reconstruction timelines, costs, and feasibility were influenced by neighborhood-wide demolition activity, agency sequencing, and competition for limited resources. Claims that recognized these realities early progressed more efficiently than those treated as isolated events.

Access restrictions further complicated recovery. In the early weeks following the wildfire, owner authorizations, vehicle passes, police checkpoints, road closures, and traffic congestion added significant administrative and travel time. These constraints gradually subsided, resulting in meaningful budget and schedule variation depending on when evaluations were performed.

2. One Year Later: Permitting and Rebuild Timelines Remain Extended

More than one year after the Palisades and Eaton wildfires, rebuilding remains an extended and uneven process. Los Angeles County

permitting data illustrates that while thousands of rebuild applications have been submitted, a significantly smaller number have progressed to active construction or completion. Large volumes of projects remain in zoning review, plan review, or are awaiting permit issuance.

Average durations for zoning review, plan approval, and permit issuance continue to be measured in months, not weeks. This reinforces that wildfire recovery timelines extend well beyond the first year, and that claim strategies, rough order assumptions, and policyholder communications must reflect the prolonged permitting and rebuilding durations.

3. Regulatory and Environmental Complexities

Wildfire recovery in California is shaped by a complex regulatory environment. Debris classification, hazardous material identification, soil testing, clearance protocols, and disposal requirements frequently dictate the critical path of recovery.

Wildfire smoke and soot consist of a complex mixture of ash, char, particulate matter, and combustion byproducts that can travel significant distances and infiltrate structures through vents, openings, and normal building air exchange. The presence and severity of contamination vary widely based on location, fire behavior, weather conditions, and building construction.

Assumptions that all structures within a wildfire perimeter are uniformly impacted often lead to over-scoping, disputes, and delays. More effective outcomes are achieved when environmental conditions are validated through visual inspections, targeted sampling, and objective clearance criteria rather than generalized assumptions.

4. The Importance of Local Expertise in Wildfire Recovery

Many insurers rely on national emergency service contractors through approved vendor programs. While these firms often mobilize quickly, challenges arise when deployed resources lack familiarity with local environmental regulations, debris handling requirements, and jurisdiction-specific processes.

In both Palisades and Eaton, this frequently resulted in delays, scope revisions, disputes, and frustration for both policyholders and carriers. Contractors with established local or regional wildfire experience were better equipped to navigate agency coordination, testing protocols, clearance requirements, and sequencing challenges. Local knowledge proved to be a meaningful differentiator in execution quality and predictability.

5. Scope and Pricing: Why Simplified Models Fail

Square-foot and lump-sum pricing models were commonly used for fire, smoke, and soot cleaning during the early stages of loss triage. While attractive for speed, these approaches consistently failed to reflect site-specific conditions.

In practice, contractors often provide aggressive low pricing before visiting the site to secure the work. Once complexity became apparent, repeated supplements followed,

increasing total cost and extending timelines. More defensible outcomes were achieved when scopes and pricing were developed based on site inspections, documented conditions, and loss-specific requirements rather than generalized assumptions.

6. Sequencing and Scheduling Matter: Managing Recovery and Rework

In an effort to return insureds to their homes or businesses quickly, fire, smoke, and soot cleaning was frequently performed while adjacent properties were still undergoing debris removal or demolition.

As a result, completed cleaning scopes were compromised by dust, ash, and ongoing construction activity, requiring re-cleaning and added expense. In high-density total loss areas, sequencing proved critical. Cleaning, debris removal, and reconstruction activities needed to be coordinated at a community level rather than on a claim-by-claim basis.

On both Property Damage and Builder's Risk claims, establishing a realistic and defensible repair timeline proved critical. Effective schedules were not high-level directional estimates, but detailed recovery schedules built from quantities of work, scope of damage, sequencing constraints, and estimated labor hours. These schedules supported mitigation efforts, accountability, and reduced downstream disputes related to delay and prolonged loss durations.

In wildfire events involving properties already under renovation or reconstruction at the time of loss, additional execution complexity emerged. Builder's Risk claims frequently involved two policies: one covering the existing structure that predated renovation and was not included in the contractor's scope of work, and another covering work completed or in progress. From the insured's perspective, repair costs were often viewed holistically, while from a claims standpoint, costs required careful allocation between policies and scopes.

In several Palisades and Eaton losses, this complexity was compounded when approved change orders, scope expansions, or increased construction costs were not fully reflected in reported project values at the time of loss. Identifying and addressing these issues early helped avoid interruptions to recovery schedules, clarified true exposure, and reduced downstream disputes once reconstruction resumed.

7. Engineering and Structural Observations

Wildfire damage patterns differed materially from those typically observed in individual structure fires. Structural damage tended to be binary, with buildings either sustaining minimal damage or being largely or completely consumed.

In completely consumed structures, fire-related damage to concrete foundations was more prevalent than typically observed in isolated fires. Prolonged heat exposure and limited suppression contributed to foundation degradation, requiring careful evaluation. Conversely, at smaller structures where minimal foundation damage was identified, it was often more economical to remove and replace foundations rather than attempt salvage.

Engineering evaluations also highlighted the effectiveness of flame-resistant construction features. Many intact residences adjacent to completely burned structures exhibited little to

no damage beyond smoke and soot exposure, due to the presence of non-combustible materials and adequate property setbacks.

8. Smoke, Soot, and Secondary Damage Considerations

Wildfire smoke impacts frequently manifested as secondary damage rather than direct structural loss. Unlike interior structure fires, wildfire soot is typically powdery and externally driven, affecting how contaminants migrate into buildings and contents.

Observed impacts included soot accumulation on horizontal surfaces, infiltration through vents and window assemblies, and contamination of HVAC components. These conditions required careful evaluation to distinguish between cosmetic contamination, restorable damage, and true health or safety concerns. Failure to validate smoke impact early often contributed to over-cleaning, unnecessary replacement, or re-cleaning.

9. Financial, Business Interruption, and Long-Tail Cost Implications

Wildfire reconstruction costs were influenced by tariffs, labor shortages, material availability, and logistics challenges. These impacts varied significantly by location, scope, timing, and material selection.

Applying broad percentage-based multipliers often overstated or understated actual impacts. More accurate outcomes were achieved when financial impacts were evaluated on a loss-by-loss basis.

Business interruption exposure was frequently driven by factors unrelated to physical damage. Evacuation orders, access restrictions, power outages, and air-quality concerns resulted in BI claims even where structures sustained little or no damage. These claims required alignment between construction schedules, environmental clearance, and BI analysis.

10. Public Debris Removal Programs

Following major wildfires, many property owners enroll in publicly administered debris removal programs coordinated by the California Governor's Office of Emergency Services (Cal OES). These programs play a critical role in expediting debris clearance for residential properties but can create long-tail insurance considerations that are often misunderstood.

Cal OES may seek recovery of debris removal costs from insurance proceeds years after the work has been completed, limited to unused insurance funds remaining after a rebuild or replacement purchase. Counties often wait until reconstruction is complete before pursuing recovery, making delayed invoices common.

Public debris removal programs traditionally prioritize single-family residential properties. Commercial buildings, cafés, retail stores, bars, office buildings, and many mixed-use properties are often excluded and remain responsible for clearing their own sites.

Disputes have arisen regarding the reasonableness of invoiced items, including charges for services not rendered. Insurance companies are not expected to pay more than the reasonable cost of equivalent private services. A consistent lesson from Palisades, Eaton, and prior wildfire events is the value of obtaining a private debris removal

estimate regardless of program enrollment. Independent estimates provide a benchmark for reasonableness and help avoid disputes years later.

11. The Value of Periodic Pre-Loss Property Inspections

Periodic pre-loss property inspections provide meaningful benefits to both insurers and policyholders, particularly in wildfire-prone regions. Risk inspections and thorough documentation establish an objective record of a property's pre-loss condition, construction features, and improvements.

Claims progressed more efficiently when reliable pre-loss documentation was available. Inspection reports and photographs reduced disputes over scope, condition, and valuation, supporting accurate indemnity determinations and reducing reliance on assumptions.

Pre-loss inspections streamline the claims process by enabling faster scoping, more accurate estimating, and clearer communication. They also support fraud prevention by making it more difficult to mischaracterize pre-existing conditions or attribute unrelated issues to the loss event.

In wildfire-exposed areas where recovery timelines extend over multiple years, pre-loss inspections serve as a foundational reference throughout the entire claim lifecycle, from initial assessment through final resolution.

12. Setting Expectations Early

Clear expectation-setting early in the claim lifecycle consistently drove positive outcomes. Aligning on pre-loss conditions versus elective redesign or betterment decisions helped avoid downstream disputes.

Early, evidence-based communication reduced conflict, particularly when insureds compared outcomes to neighboring properties with different exposure profiles. Claims progressed more smoothly when expectations regarding scope, cost, and duration were established early rather than reconciled at the end.

Key Takeaways for Insurers and Claims Leaders

» Wildfire losses behave as complex, multi-year recovery projects.
» Permitting and rebuilding timelines often extend well beyond the first year.
» Early engagement of technical and local expertise improves predictability.
» Simplified pricing and percentage-based adjustments create downstream challenges.
» Sequencing and coordination are critical in dense total loss areas.
» Builder's Risk losses require early clarity around scope, cost allocation, and recovery scheduling.
» Independent validation, both pre- and post-loss, reduces disputes.
» Early, objective documentation supports accurate indemnity.

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