

G. J. Sullivan Co., Reinsurance Helps Homeowners Exposed to Wildfires Face the Challenge

Jon Stojan Contributor

Published 1:59 p.m. ET August 31, 2023

GJSre
G. J. Sullivan Co. Reinsurance

Wildfire has become an increasingly challenging threat in many Western States. With an ever-increasing frequency and intensity, this continues to pose a serious threat to lives and properties across the exposed area. G. J. Sullivan Co., Reinsurance highlights that wildfires are occurring earlier in the season and emphasizes the longer period it takes to suppress and the greater losses it inflicts in the western United States.

Addressing the challenges and mitigating their adverse effects requires a collaborative effort by all stakeholders. G. J. Sullivan Co., Reinsurance, a California-based full-service insurance and risk management firm, comes in this context to help homeowners exposed to wildfire. The company assists vulnerable communities to be better equipped to mitigate and insure any unforeseen events related to wildfires.



Statistics reveal a 125% increase in the number of populations exposed to wildfire in the continental United States over the past 20 years. Still, not all traditional insurance companies have the financial capacity or underwriting appetite to provide adequate support. Driven by the commitment to provide comprehensive support to those who are exposed, G. J. Sullivan Co., Reinsurance offers a unique approach, as an alternative to traditional insurance solutions.

“Our company has been established on the core values of loyalty, respect, honesty, and mutual support. We aim to provide people under the threat of devastating events with the highest quality professional assistance. We are committed to offering our services in areas where traditional insurers are reluctant to operate. We believe that wildfire is such an area where we need to take proactive and unconventional actions,” says Gerald J. Sullivan, Founder of G. J. Sullivan Co., Reinsurance.

“We believe that wildfire is such an area where we need to take proactive and unconventional actions,” says Gerald J. Sullivan, Founder of G. J. Sullivan Co., Reinsurance. “We recommend a non-traditional insurance solution.”

To address the issue, the G. J. Sullivan Co., Reinsurance recommends a non-traditional insurance solution. According to the company, due to the exposure and huge costs in wildfire events, traditional insurance companies are generally no longer an available solution for the problem. The company suggests establishing a Pure Captive insurance company owned by the Homeowners’ Association of the homeowners exposed to the peril of wildfire.

Being an effective alternative to traditional insurance companies, Pure Captive insurance companies are created and owned by Homeowners' Associations with legally segregated assets and liabilities. In addition, the HOA Captive can offer insurance products and can have access to reinsurance markets like any other insurance company. This approach facilitates insurance availability to members of the Homeowners' Association and can potentially provide insurance protection to the commercial properties owned by the Homeowners' Association. Such HOA Captive insurance companies are authorized by the respective state insurance departments.

The challenges faced by stakeholders including both homeowners and insurers in wildfire exposed areas are huge. Between the period from 2019 to 2021, the cost of rebuilding has increased by 55%, pushing insurance companies and homeowners into a vulnerable situation. The significant 30% surge in insurance rates recently reflects the risks faced by insurance companies and has driven many to withdraw from insuring wildfire-exposed properties due to the high probability of loss coupled with high impact of loss.

“Several major insurance carriers in California are no longer writing new homeowner policies. Considering the forecast of an increased number of wildfire events and the probability of climate change effects exacerbating the intensity, the need of the hour is to act proactively,” says Gerald J. Sullivan.

This unique insurance strategy proposed by GJS Re has the potential to transform the way we mitigate the vulnerability of individual property owners within the larger communities to unfortunate events like wildfires.



Gerald J. Sullivan

G. J. Sullivan Co., Reinsurance partners with several key technical experts to make the process easy and effective for HOA's, including wildfire assessment & mitigation companies, actuarial consultants, captive managers, and fronting insurance companies. The core services provided by the company include consulting to identify the key risk management participants and coordinate all the activities. They also provide reinsurance support for the captive insurance companies created by the HOA's and offer parametric insurance as needed.

A key part of the process is to conduct a comprehensive community-wide assessment of all properties. This assessment identifies the specific mitigation needed to reduce the community's vulnerability to wildfire, to both vegetation and structures, and creates a plan to ensure a continued insurable state of the properties by undertaking proper maintenance. The data developed by the assessment is utilized by the actuarial consultants to conduct an in-depth financial analysis that models the HOA's overall loss potential, which determines the capital structure of the HOA Captive.

This unique insurance strategy proposed by G. J. Sullivan Co., Reinsurance has the potential to transform the way we mitigate the vulnerability of individual property owners within larger communities to unfortunate events like wildfires. Ensuring a systematic and innovative approach, the company brings all stakeholders on board and provides a unique solution. The Captive Insurance strategy recommended by G. J. Sullivan Co., Reinsurance seeks to address the issue of wildfire in a more effective way.

Contact Us For More information

Gerald J. Sullivan
Chairman
(213) 280-5167
sullivanj@gjs.com

Thom Smith
Executive Vice President
(805) 796-9852
smitht@gjsre.com

www.gjsre.com



G. J. Sullivan Co. Reinsurance