



Oregon

Kate Brown, Governor

Department of Forestry

State Forester's Office
2600 State Street
Salem, OR 97310-1336
503-945-7200
FAX 503-945-7212
www.oregon.gov/ODF



"STEWARDSHIP IN FORESTRY"

April 27, 2017

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Nancy Nathanson, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

RE: OREGON DEPARTMENT OF FORESTRY – Request for Catastrophic Wildfire Insurance Policy Premium

Dear Co-Chairs:

Nature of the Request

The Oregon Department of Forestry respectfully requests an appropriation of \$1,689,072 of General Fund and \$1,689,072 of Other Funds authorization to purchase catastrophic wildfire insurance for the 2017 fire season. The insurance policy is identical in structure to last year's policy, providing for \$25 million in large-fire funding coverage in excess of a \$50 million deductible.

Agency Action

The Oregon Department of Forestry has, in coordination since 1973 with the Emergency Fire Cost Committee and the Department of Administrative Services Risk Management Division, acquired a catastrophic wildfire insurance policy, currently through Lloyd's of London. To date, cumulative paid premiums are approximately \$64 million, while pay-outs for large fire costs total about \$102 million, which reflects a positive \$38 million cumulative difference. The policy coverage, premiums and deductibles have all varied throughout the history of this relationship.

This year's total premium cost of \$3,378,144 million represents a reduction of \$148,047 from last year's premium. The Oregon Forestland Protection Fund, as per Oregon Revised Statute 477.775, currently has one-half of the cost of the premium (\$1,689,072) available under the fund's cap to pay for the policy for this year's fire season.

Action Requested

The agency respectfully requests an appropriation of \$1,689,072 from the General Fund and \$1,689,072 of Other Funds authorization to pay the premium for the 2017 fire season's catastrophic wildfire insurance policy.

Legislation Affected

HB 5019, Chapter 809, section 1(1), Oregon Laws 2015.
HB 5019, Chapter 809, section 2(2), Oregon Laws 2015.

Thank you for your time and consideration. I would be pleased to answer any questions.

Sincerely,



Peter Daugherty
Oregon State Forester

- c: Jason Miner, Governor's Office
- Laurie Aunan, Governor's Office
- Oregon Board of Forestry
- ODF Executive Team
- Matt Stayner, Legislative Fiscal Office
- Cathy Connolly, Chief Financial Office
- James Short, ODF Budget Director