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## Some California Homeowners Can Get Coverage Again After Wildfires

Farmers Insurance will use artificial intelligence to sell 30,000 home policies in fire-prone parts of the state



Technology from Zesty.ai will help Farmers assess California applicants' risk of wildfires, like the Camp Fire in 2018.  
PHOTO: NOAH BERGER/ASSOCIATED PRESS

By [Leslie Scism](#)

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Thousands of California residents who only can buy homeowners policies through the state's last-resort insurance program will now be eligible for Farmers Insurance coverage.

Farmers' ability to offer insurance is related to a partnership with the startup Zesty.ai, which will enable Farmers to use artificial intelligence incorporating high-resolution aerial imagery, building-material and code data and location details to size up instantly an individual property's risk of wildfire losses, said Attila Toth, founder and chief executive of Zesty.ai.

Farmers expects to add about 30,000 policyholders over the next year through the technology. The insurer is one of the state's largest carriers, with more than 1.5 million California residential policyholders. [Many insurers have retreated from communities](#) susceptible to wildfires, sending homeowners to the California FAIR Plan for their coverage.

Farmers will continue to use a longtime model that assesses the wildfire risk of the geographic area around a property, said Keith Daly, president of personal lines for Farmers. By adding Zesty.ai's technology, the insurer will be able to take a more targeted approach, he said. While a particular area might have a higher risk of fire, a property within that area might not have the same level of risk.

"We are trying to create a solution" for homeowners who are struggling to buy insurance, Mr. Daly said.

California's Department of Insurance recently looked at Farmers' use of Zesty.ai's technology in what officials said is the first such review tied to wildfire underwriting.

"As the insurance industry continues its reckoning over race and discriminatory practices," the state is seeking to ensure that algorithms used for underwriting and rating purposes don't introduce or perpetuate bias, said Michael Soller, a deputy commissioner with California's Department of Insurance.

"With Farmers' promise to write at least 30,000 new policies for homeowners with higher wildfire risk using this new tool, we are glad to see the pendulum swinging in the other direction," Mr. Soller said.

Zesty.ai, founded in 2015, is one of a number of firms trying to help home insurers find better ways of assessing applicants' fire risk. Some other carriers in California and elsewhere are using or experimenting with artificial intelligence.

In May, Hippo Enterprises Inc., a [home-insurance technology firm](#), said it would broaden its use of geospatial imagery and technology by drawing on new information from the property-data firm CAPE Analytics to better understand risks including wildfires. Hippo said geospatial analytics can identify property changes continuously and allow insurers to reach out to customers early on to make recommendations on actions such as clearing surrounding brush or trimming overhanging tree limbs.

In March, Zesty.ai announced a partnership with a unit of [Cincinnati Financial Corp.](#) [CINF 0.21% ▲](#), making it one of the firm's newest clients.

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