

**PACIFIC GAS AND ELECTRIC COMPANY
10-Year Electrical Undergrounding Plan (EUP)
Data Response**

PG&E Data Request No.:	MGRA_002-Q008
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Requester DR No.:	002
Requesting Party:	Mussey Grade Road Alliance
Requester:	Joseph Mitchell
Date Sent:	October 15, 2026
PG&E Responsible Person(s):	Megan Ardell

Marsh Third Party Impact Analysis

QUESTION 008

Regarding the estimate of homeowner premium savings due to undergrounding (p.534):

- a. Does the Marsh insurance model assume the historical impact of utility wildfire in the PG&E service area (80% of losses due to utility-related wildfire)?
- b. Does the Marsh insurance model take climate change into account, in which risk from wildfire due to all sources will increase during the analysis period?
- c. Does the Marsh insurance model assume that risk mitigation efforts undertaken by utilities will be immediately reflected in homeowner insurance rates?

ANSWER 008

- a. The Marsh homeowners' insurance model accounted for the impact that historical fires have had on premium pricing. Until July 2025, insurance carriers could only use historical losses when setting premium rates. This meant that known loss areas and areas designated high fire risk were likely to experience higher premiums on average than lower risk areas. Marsh's analysis of historical pricing trends confirmed this relationship. Historical fires are critical data points within Marsh's wildfire models, which produced the modeled average annual losses used to model anticipated premium impact.
- b. The Marsh insurance model already takes into account risks from all wildfire, regardless of source. This is because while Marsh studied the impact of undergrounding PG&E attributable risk, the insurance impact was derived from what changes Marsh expected in the total wildfire risk in PG&E service area.

Climate change was modeled but as part of a separate, longer-term analysis of undergrounding impact under extreme climate risk pathways.

- c. Marsh's analysis found a relationships between modeled average annual wildfire losses and homeowners insurance premiums. The analysis evaluates the relationship between projected reductions in expected annual wildfire losses associated with undergrounding and potential changes in homeowners insurance costs. In general, lower expected wildfire losses are expected to reduce pressure on insurance costs, all else equal.

To the extent that wildfire risk reductions from undergrounding result in lower modeled average annual losses, Marsh's analysis indicates those reductions could contribute to lower premiums over time. With the rule change allowing modeling to be used by carriers to set pricing strategy, Marsh anticipates that this relationship between mitigation effectiveness and better premiums will be stronger. Marsh expressly characterizes its results as directional, area-based estimates, and not a prediction or guarantee of future premiums outcomes.

One notable limitation to Marsh's analysis, acknowledged within the report, is that premium pricing is also contingent on several other factors, including other natural catastrophe perils, outside the scope of Marsh's analysis. Marsh's findings include the caveat that its results are contingent on all other perils remaining unchanged. Since wildfire is only one covered peril, any severe non-wildfire losses could offset any premium savings achieved by lower wildfire risk.