Berkshire Hathaway’s insurance entities are exposed to California wildfire-related home claims, with losses exceeding $1 billion in recent quarters.

Here's a breakdown of the exposure and impact:

🔥 Scope of Exposure

- **Total wildfire-related losses**: Berkshire Hathaway reported *$1.1 billion* in California wildfire losses in early 2025.
- *$770 million* from **property & casualty reinsurance**
- *$300 million* from **primary insurance operations**

🏠 Affected Insurance Entities

- **BH Primary Group**: Includes subsidiaries like Berkshire Hathaway Homestate Companies and others writing homeowners and commercial property policies. This group faced *underwriting losses* and *liability-related reserve strengthening* due to wildfire claims.
- **BH Reinsurance Group**: Took a significant hit from catastrophic wildfire events, though it remained marginally profitable.

⚡ Related Utility Exposure

- Berkshire’s **PacifiCorp** utility subsidiary also faces *billion-dollar liabilities* from wildfires, compounding the conglomerate’s exposure across insurance and energy holdings.

🧮 Strategic Implications

- While Berkshire’s **overall California homeowners market share is limited**, its exposure through reinsurance and utility liability creates a complex risk profile.
- The wildfire claims have significantly impacted Berkshire’s *insurance float*, a key strategic asset for Warren Buffett’s investment model.

Here's a structured breakdown of Berkshire Hathaway's insurance exposure to California wildfire home claims, as of 2025:

🔍 Berkshire Hathaway Insurance Exposure to California Wildfires

1. 🏠 Primary Insurance Operations

These are direct insurers writing policies for homeowners and businesses.

- **2025 impact**: ~$300 million in wildfire-related losses from primary operations.

2. 🔁 Reinsurance Operations

These cover other insurers' wildfire losses, often at high severity thresholds.

- **2025 impact**: ~$770 million in wildfire-related reinsurance losses.

3. 🚙 GEICO (Auto Insurance)

- **Exposure**: Minimal to none for wildfire-related home claims.
- **2025 result**: Improved underwriting earnings due to better loss ratios.

4. ⚡ Utility Liability via PacifiCorp

- **Role**: Berkshire-owned utility serving parts of California, Oregon, and Washington.

- **Exposure**: Alleged ignition source for multiple wildfires.
- **Legal risk**: Billions in potential liabilities from lawsuits and settlements.

5. 📊 Strategic Implications
    - **Total wildfire-related losses (2025)**: ~$1.1 billion
    - **Float impact**: Reduced underwriting profits, but still generating investable float
    - **Risk concentration**: Reinsurance and utility liability are the largest exposures
    - **Market share**: Berkshire's direct homeowners market share in California is limited, but its layered exposure makes it a major player in aggregate wildfire risk