

Summary of Findings for OMB 0596-0189

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In the previous collection, we investigated Florida homeowner preferences and willingness to pay for wildfire protection programs using a choice experiment with three attributes: risk, loss, and cost. We hypothesized that past personal experience with wildfires influence preferences for protection programs. Preference heterogeneity among survey respondents was examined using three econometric models. Each model provided evidence that many respondents ignored wildfire risk in making choices and their preferences regarding wildfire protection programs were risk seeking. Respondents who had personal experience with wildfire impacts consistently made trade-offs among risk, loss, and cost in an economically sensible manner. The risk preferences of this group were risk seeking as estimated by two of the econometric models, but was risk averse as estimated by the third model. However, respondents who had personal experience and also lived in neighborhoods that were subjectively rated as at high risk for wildfires had highly risk averse preferences under all three models. Although economic factors influence choices regarding wildfire protection programs, choices are often inconsistent with predictions of expected utility theory and suggest that homeowners living in fire-prone areas use decision heuristics rather than expected utility maximization when making choices about wildfire protection. In summary, results from our stated preference survey indicate that most homeowners in Florida living in fire-prone neighborhoods under-invest in programs designed to reduce wildland fire risk. Demand for risk reduction programs increases dramatically for homeowners who have prior personal experience with the consequences of wildfire and who view their neighborhood as being at high risk for wildland fire.