

SB 82 A STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Prepared By: Erin Pischke, LPRO Analyst

Meeting Dates: 4/5, 4/17

WHAT THE MEASURE DOES:

Defines 'wildfire risk mitigation action' as meaning an action that reduces wildfire risk to property, including a property-level action such as establishing defensible space, hardening a building, or receiving certification for a wildfire prepared home; and community-level action such as receiving recognition as a Firewise USA site in good standing or participating in state community risk reduction programs. Requires an insurer to send a **notice to the insured for homeowner insurance policy cancellations, decisions not to renew, or premium increases** for a reason materially related to wildfire risk and not nonpayment of a premium. Requires the notice to describe: property-specific characteristics related to wildfire risk that resulted in the cancellation, decision not to renew, or premium increase; wildfire risk mitigation actions the insured could undertake to improve insurability of the property, if there are any; information about wildfire risk scores or classifications used to assess the property, if used; general information about factors the insurer considers in order to classify, measure, or determine the wildfire risk to a property; and any other information specified by rule. Requires notices for premium increases materially related to wildfire risk to also describe what wildfire risk mitigation actions the insured could undertake, if any, that would result in a discount, incentive, or other premium adjustment, and the amounts of those discounts, incentives, or adjustments. Requires an insurer to make information on whether and how wildfire risk mitigation actions may impact the insurer's **underwriting and rates** publicly available on the insurer's website, and requires an insurer to reflect in their underwriting guidelines and rate plans how the insurer addresses or considers wildfire risk mitigation actions. Requires certain protections for insured to be able to repair, rebuild, or replace damaged or lost property if the damage or loss was directly related to a fire subject to an order under the **Emergency Conflagration Act**. Prohibits an insurance company from using a **state map that identifies areas of wildfire risk or exposure** as a basis for canceling, declining to renew, or increasing a premium for a homeowner insurance policy.

- *FISCAL: Has minimal fiscal impact*
- *REVENUE: No revenue impact*
- Senate vote: 25-4-0-1

ISSUES DISCUSSED:

- Transparency for property owners regarding how insurance companies view wildfire risks on their property, and how mitigation actions would affect their rates
- Lack of mandate to property owners to take any actions, or to insurance companies to modify their rates
- Insurance companies' use of different maps, risk data inputs, and modeling
- Lack of department intent to add further notice requirements via rule until requirements under this measure have a sufficient opportunity to play out
- Insurance industry stakeholder dialogue to generate this measure
- Availability of affordable insurance in wildfire-prone areas

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

SB 82 A STAFF MEASURE SUMMARY

In recent years, wildfires have grown in size and intensity in Oregon. The "Labor Day" wildfires of 2020 were the most destructive recorded in state history, burning more than 4,000 homes in the Cascades, coast, and southern regions of the state. In the past year, media outlets have been increasingly reporting on claims that home insurance rates are rising, sometimes dramatically, in areas of the state that may align with wildfire-prone areas.

Senate Bill 82 A would require an insurer to send a notice that contains information on property-specific characteristics and impact of homeowner mitigation actions related to wildfire risk to insured homeowners for policy cancellations, decisions not to renew, or premium increases. The measure would also require an insurer to make publicly available certain information related to underwriting and rates, and would prohibit an insurer from using a state map of wildfire risk or exposure as a basis for homeowner insurance policy changes.