

DRAFT

SUMMARY

Digest: Tells an insurer to give to a state agency the details of models the insurer uses to score property for wildfire risk. Tells the insurer to give notice about what actions a policy holder can take to better the risk score. Takes effect 91 days after the session ends. (Flesch Readability Score: 62.4).

Requires an insurer that uses a catastrophe model or wildfire risk model to provide the Director of the Department of Consumer and Business Services a description of each model, along with related information, and an explanation of how the insurer uses the model in underwriting decisions. Specifies elements that an insurer must include in each model and requires the insurer to give a premium discount or adjustment, or other incentive, to a policy holder that demonstrates having undertaken a property-specific mitigation action or that a community-level mitigation action occurred in proximity to the policy holder's property.

Requires an insurer to post on the insurer's website, and provide to an applicant for insurance or a policy holder seeking a renewal, information about premium discounts or adjustments, or other incentives, that are available to applicants or policy holders that undertake a property-specific mitigation action or demonstrate that a community-level mitigation action occurred in proximity to the applicant's or policy holder's property.

Permits an applicant or policy holder to appeal an insurer's classification of the applicant's or policy holder's property or to dispute the amount of a premium discount or adjustment or other incentive the insurer provides.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to property insurance; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section:

(a) "Catastrophe model" means a tool, instrument, means, product or method, including a map- or computer-based tool or a simulation,

1 that an insurer uses to estimate potential losses from catastrophic
2 events.

3 (b) “Community-level mitigation action” means an action or set of
4 actions to reduce the risk of or hazards or loss from wildfire that is
5 based in scientific practice and:

6 (A) Consists of actions such as forest treatment and fuel reduction,
7 investments in equipment to fight wildfires and mitigate impacts from
8 wildfires and actions that utilities take to prevent or reduce the risk
9 of wildfires in accordance with a plan that the Public Utility Com-
10 mission approves; and

11 (B) Is certified by the State Fire Marshal as effective in reducing
12 the risk of or hazards or loss from wildfire in a neighborhood or
13 community or is undertaken by a local government or state agency to
14 reduce the risk of or hazards or loss from wildfire in a neighborhood
15 or community.

16 (c) “Property-specific mitigation action” means an action or set of
17 actions to reduce the risk of wildfire or hazards or loss from wildfire
18 for a specific property that is based in scientific practice and:

19 (A) Consists of actions such as establishing defensible space, hard-
20 ening structures against fire or similar or related actions that prevent
21 or reduce the risk of wildfire or the risk of hazards or loss from
22 wildfire on the property; and

23 (B) Results in a certification from the Insurance Institute for
24 Business and Home Safety that designates the property as a Wildfire
25 Prepared Home or results in a certification from an equivalent pro-
26 gram that verifies that the action is effective in reducing the risk of
27 wildfire or hazards or loss from wildfire.

28 (d) “Wildfire risk model” means a tool, instrument, means, product
29 or method, including a map- or computer-based tool or a simulation,
30 that an insurer uses, in whole or in part, to measure or assess the risk
31 of wildfire associated with a residential property or with a community,

1 for the purposes of:

2 (A) Rating, classifying or pricing insurance coverage on the basis
3 of the risk; or

4 (B) Estimating potential loss from wildfire on the basis of a risk
5 classification.

6 (2)(a) An insurer that uses a catastrophe model, wildfire risk model
7 or a scoring method to assign risk for residential property or a com-
8 munity shall submit the catastrophe model, wildfire risk model or
9 scoring method to the Director of the Department of Consumer and
10 Business Services for approval as part of the insurer's filings under
11 ORS chapter 737.

12 (b) The insurer's submission under paragraph (a) of this subsection
13 must include:

14 (A) A description of the model or method;

15 (B) How the model or method affects rates;

16 (C) An actuarial justification for all rating factors, including any
17 discounts offered for mitigation actions; and

18 (D) An explanation of how the insurer uses the model in under-
19 writing decisions.

20 (c) An insurer that makes a submission under paragraph (a) of this
21 subsection shall include in the submission information about whether
22 and how the models the insurer uses for rating and underwriting take
23 account of community-level mitigation actions or mitigation actions
24 that state agencies perform.

25 (d) A model or method that an insurer submits under paragraph (a)
26 of this subsection is confidential as provided in ORS 705.137.

27 (3)(a) An insurer that uses a catastrophe model or wildfire risk
28 model, or a combination of a catastrophe model and a wildfire risk
29 model, shall incorporate applicable community-level mitigation actions
30 and property-specific mitigation actions into the catastrophe model,
31 wildfire risk model or combination of models, or shall otherwise dem-

1 onstrate that the insurer's underwriting and rates incorporate appli-
2 cable community-level mitigation actions and property-specific
3 mitigation actions.

4 (b) An insurer that does not comply with the requirement set forth
5 in paragraph (a) of this subsection shall give a premium discount or
6 adjustment or other incentive to a policy holder that demonstrates
7 that the policy holder has undertaken a property-specific mitigation
8 action for the policy holder's property or that a community-level mit-
9 igation action has occurred in sufficient proximity to the policy
10 holder's property to reduce the risk of loss.

11 (4) An insurer shall post on the insurer's public website the process
12 for appealing the insurer's risk classification and readily accessible
13 information about the premium discounts or adjustments or other in-
14 centives available to policy holders that demonstrate that the policy
15 holder has undertaken a property-specific mitigation action or that a
16 community-level mitigation action occurred in sufficient proximity to
17 the policy holder's property to reduce the risk of loss. The information
18 must identify property-specific mitigation actions a policy holder could
19 undertake to receive the premium discount or adjustment or other
20 incentive, and the amount of the discount, adjustment or incentive
21 that corresponds with each action.

22 (5)(a) An insurer that provides a premium discount or adjustment
23 or other incentive, or that uses a catastrophe model or wildfire risk
24 model to underwrite, price, decline to renew, create a differential rate
25 or impose a surcharge on a premium shall each year notify an appli-
26 cant for insurance or a policy holder, in writing and within the dead-
27 lines specified in subsection (6) of this section, of:

28 (A) The risk classification or score the insurer has given to the
29 applicant or policy holder; and

30 (B) Any applicable property-specific mitigation action the policy
31 holder could undertake and any community-level mitigation action

that could result in a more favorable classification or score, acceptance or renewal of an application, withdrawal of a rate differential, surcharge, a premium discount or adjustment or other incentive.

(b) The notice described in paragraph (a) of this subsection must:

(A) Explain in plain language the classification or score the insurer has determined for the applicant's or policy holder's property and state that different insurers may use different models or have different risk classifications or scores that could lead to different results or different decisions;

(B) Identify the classifications or range of scores the insurer could assign to the applicant's or policy holder's property;

(C) Specify the relative position of the classification or score the insurer assigns to the applicant's or policy holder's property within the range of classifications or scores the insurer identifies in subparagraph (B) of this paragraph;

(D) Explain why the applicant's or policy holder's property received the classification or score the insurer assigned and identify the primary features of the property that influenced the classification or score;

(E) Explain how each property-specific mitigation action or community-level mitigation action could affect the classification or score the insurer assigned; and

(F) Notify, as provided in subsection (7) of this section, the applicant or policy holder of the right to appeal the classification or score the insurer assigned to the applicant's or policy holder's property, or to dispute the amount of the premium discount or adjustment or other incentive the insurer gives for a property-specific mitigation action or community-level mitigation action.

(6) An insurer shall provide the notice described in subsection (5) of this section within the following deadlines, as applicable:

(a) Not later than 15 days after the applicant submits a completed

1 application for insurance to the insurer;

2 (b) At the time the insurer offers to renew a policy holder's policy;

3 (c) At the time the insurer notifies a policy holder that the insurer
4 declines to renew the policy holder's policy; or

5 (d) Not later than 30 days after an applicant or policy holder sub-
6 mits a request or appeal to an insurer for a reclassification or adjust-
7 ment to the score the insurer gives to the applicant's or policy holder's
8 property together with a demonstration:

9 (A) Of having completed, since the last application or renewal of
10 the policy, a property-specific mitigation action; or

11 (B) That a community-level mitigation action occurred, since the
12 last application or renewal of the policy, in sufficient proximity to the
13 property to reduce the risk of loss.

14 (7)(a) An applicant or policy holder may appeal a classification or
15 score an insurer assigns to the applicant's or policy holder's property,
16 or dispute the amount of a premium discount or adjustment or other
17 incentive the insurer provides for a property-specific mitigation action
18 or community-level mitigation action, if the applicant or policy holder
19 believes the classification, score or amount is not accurate. The
20 insurer shall provide the applicant or policy holder with a written ac-
21 knowledgement not later than 10 calendar days after receiving the
22 appeal or dispute and shall respond to the appeal or dispute with a
23 decision in writing not later than 30 calendar days after receiving the
24 appeal or dispute.

25 (b) If an insurer denies an appeal or refuses to change the amount
26 of a premium discount or adjustment or other incentive, the insurer
27 shall forward to the director, at the director's request, a copy of the
28 appeal or dispute and the insurer's response.

29 (8) The director and the State Fire Marshal may adopt rules to im-
30 plement the provisions of this section.

31 SECTION 2. Section 1 of this 2026 Act applies to policies of fire in-

