

# Senate Bill 885

Sponsored by Senator SMITH DB

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells a state agency to make fire insurance and property insurance available to people in this state to protect against wild fires. Sets up a fund for this purpose. Says that the agency must focus on insurance in areas where insurers do not do enough to protect people. (Flesch Readability Score: 60.1).

Directs the State Accident Insurance Fund Corporation to establish a division or subsidiary for the purpose of issuing policies of fire insurance and property insurance against the peril of wildfire. Provides that the corporation shall preferentially issue policies of insurance in locations and insurance markets in this state in which other insurers do not provide fire insurance or property insurance against the peril of wildfire or in which existing policies are inadequate. Establishes the Wildfire Risk Insurance Fund within the State Treasury for the use of the corporation in providing insurance under the Act.

Declares an emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to insuring against the peril of wildfire; creating new provisions; amending ORS 278.415,  
3 656.702, 656.751, 656.752, 656.772 and 656.774; and declaring an emergency.

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

5 **SECTION 1. Sections 2 to 7 of this 2025 Act are added to and made a part of ORS chapter**  
6 **742.**

7 **SECTION 2. (1) As used in this section, "wildfire" means a fire that spreads quickly from**  
8 **a forest, grassland, brush or other fuel source to an area larger than 100 acres before fire**  
9 **suppression efforts can contain the spread and that:**

10 (a) **Poses a significant threat of substantial damage to or destruction of the property of**  
11 **residents of this state;**

12 (b) **Is the subject of a Governor's declaration of a state of emergency; and**

13 (c)(A) **Occurs in an area that is subject to an executive order in which the Governor or**  
14 **another person authorized to act assigns fire-fighting forces and equipment under ORS**  
15 **476.510 to 476.610 to suppress the fire; or**

16 (B) **Is a major disaster, as defined in 42 U.S.C. 5122, as in effect on the effective date of**  
17 **this 2025 Act, that is located in this state or that affects real property located in this state.**

18 (2)(a) **The State Accident Insurance Fund Corporation shall establish a division or sub-**  
19 **sidary of the corporation for the purpose of issuing policies of fire insurance and property**  
20 **insurance to residents of this state to protect against the peril of wildfire. The corporation**  
21 **may not transact insurance in other classes of insurance apart from workers' compensation**  
22 **insurance or in fire insurance or property insurance, or reinsurance, that does not protect**  
23 **solely against the peril of wildfire.**

24 (b) **The corporation's division or subsidiary shall employ persons with actuarial experi-**  
25 **ence in determining the risk of damage and destruction to property as a consequence of**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 wildfire and shall develop or acquire the experience and expertise necessary to evaluate and  
 2 underwrite insurable risks in this state and to develop policies of insurance and reinsurance  
 3 that:

4 (A) Adequately insure residents of this state against the peril of wildfire;

5 (B) Protect and continue the operations and solvency of the corporation;

6 (C) Protect the soundness and solvency of the Wildfire Risk Insurance Fund established  
 7 under section 3 of this 2025 Act; and

8 (D) Comply with applicable provisions of ORS chapter 742.

9 (3) The corporation shall set as a priority issuing policies of insurance and reinsurance  
 10 under this section in locations and in insurance markets in this state in which other insurers  
 11 do not provide fire insurance or property insurance or in which policies of fire insurance or  
 12 property insurance that insurers do offer do not adequately insure property that is subject  
 13 to the risk of wildfire. The corporation may preferentially issue policies of reinsurance for  
 14 insurers that issue in this state policies of fire insurance or property insurance against the  
 15 peril of wildfire.

16 (4) This section does not give any person a right to obtain fire insurance or property in-  
 17 surance from the corporation if the corporation deems the person's property uninsurable or  
 18 if the corporation determines that insuring the person's property or insuring against a risk  
 19 associated with the person's property is otherwise inconsistent with sound principles of in-  
 20 surance or the actuarial soundness of the Wildfire Risk Insurance Fund.

21 **SECTION 3.** (1) There is established a Wildfire Risk Insurance Fund within the State  
 22 Treasury, separate and distinct from the General Fund, which the State Accident Insurance  
 23 Fund Corporation shall use for the purpose of insuring and reinsuring residents of this state  
 24 against the peril of wildfire, as defined in section 2 of this 2025 Act. The moneys in the  
 25 Wildfire Risk Insurance Fund may be invested as provided in ORS 293.701 to 293.857 in "in-  
 26 vestment funds" as defined in ORS 293.701. Interest the fund earns must be credited to the  
 27 fund.

28 (2) To provide appropriate accountability, the Wildfire Risk Insurance Fund must be ad-  
 29 ministratively separated from other funds that the State Accident Insurance Fund Corpo-  
 30 ration administers and into which the corporation deposits premiums and other moneys and  
 31 from which the corporation pays insurance claims other than claims of property damage  
 32 from wildfire.

33 (3) The State Treasurer shall set aside and credit to the Wildfire Risk Insurance Fund  
 34 all moneys the State Accident Insurance Fund Corporation receives as payment of premium,  
 35 as appropriations or from other sources that are dedicated specifically for use in insuring  
 36 domestic risks of wildfire. The moneys in the Wildfire Risk Insurance Fund are continuously  
 37 appropriated to the State Accident Insurance Fund Corporation to carry out the purposes  
 38 set forth in section 2 of this 2025 Act.

39 **SECTION 4.** (1) The Legislative Assembly intends that the Wildfire Risk Insurance Fund  
 40 established in section 3 of this 2025 Act operate on an actuarially sound basis and that the  
 41 rates and charges for policies of fire insurance and property insurance against the peril of  
 42 wildfire reflect this policy.

43 (2) In any year when the moneys in the Wildfire Risk Insurance Fund are not sufficient  
 44 to keep the fund or any of the fund's components actuarially sound and to make all payments  
 45 required under applicable law, funds may be advanced from other funds in the State Treasury

1 under the provisions of ORS 293.205 to 293.225. The Joint Committee on Ways and Means of  
2 the Legislative Assembly, if the Legislative Assembly is in session, or the Emergency Board,  
3 if the Legislative Assembly is not in session, must approve any advance to the Wildfire Risk  
4 Insurance Fund before the advance occurs.

5 (3) Moneys advanced to the Wildfire Risk Insurance Fund as provided in this section  
6 must be repaid from the Wildfire Risk Insurance Fund in annual installments, with interest  
7 as provided in ORS 293.220. The State Accident Insurance Fund Corporation shall fix the  
8 amount of the installments at an amount that can reasonably be expected to liquidate the  
9 indebtedness of the Wildfire Risk Insurance Fund in not more than 10 years.

10 (4) In order to assure that the moneys advanced to the Wildfire Risk Insurance Fund are  
11 repaid as specified in subsection (3) of this section, the corporation shall file with the Di-  
12 rector of the Department of Consumer and Business Services rates and rating plans that the  
13 corporation expects will enable the liquidation of the fund's indebtedness as provided in  
14 subsection (3) of this section.

15 **SECTION 5.** (1) The Wildfire Risk Insurance Fund established in section 3 of this 2025  
16 Act is a trust fund exclusively for the uses and purposes specified in section 2 of this 2025  
17 Act, except that this provision does not amend or impair the force or effect of section 3 of  
18 this 2025 Act or any other law of this state that specifically authorizes investing moneys  
19 from the fund.

20 (2) Subject to the right of the State of Oregon to direct legislatively the disposition of  
21 any surplus in excess of reserves and surplus deemed actuarially necessary according to re-  
22 cognized insurance principles, and necessary in addition thereto to assure continued fiscal  
23 soundness of the State Accident Insurance Fund Corporation both for current operations and  
24 for future capital needs, the State of Oregon declares that the state has no proprietary in-  
25 terest in the Wildfire Risk Insurance Fund.

26 **SECTION 6.** (1) The State Accident Insurance Fund Corporation may set aside, from in-  
27 terest and other income received through investment of the Wildfire Risk Insurance Fund  
28 established in section 3 of this 2025 Act, that part of the income that the State Accident  
29 Insurance Fund Corporation considers necessary to establish and maintain in the fund one  
30 or more reserve accounts. The State Accident Insurance Fund Corporation shall maintain  
31 and use the reserve accounts to offset gains and losses of invested capital.

32 (2) The State Accident Insurance Fund Corporation may set aside such other reserves  
33 within the Wildfire Risk Insurance Fund as the corporation deems necessary to:

34 (a) Pay the administrative expenses and related expenses the corporation incurs in  
35 transacting insurance under section 2 of this 2025 Act, except that the corporation may not  
36 set aside more than 10 percent of the average balance of the fund during any biennium for  
37 the purpose described in this paragraph; and

38 (b) Ensure the actuarial soundness of the fund.

39 (3) The State Accident Insurance Fund Corporation may provide for amortizing gains and  
40 losses of invested capital in instances when the State Accident Insurance Fund Corporation  
41 determines that amortization is preferable to a reserve account described in subsection (1)  
42 of this section.

43 **SECTION 7.** (1) In issuing policies of fire insurance or property insurance against the  
44 peril of wildfire, as defined in section 2 of this 2025 Act, the State Accident Insurance Fund  
45 Corporation is subject to ORS chapter 742 and other applicable provisions of the Insurance

1 Code to the same extent as an insurer authorized to transact insurance in this state with  
2 respect to the same classes of insurance.

3 (2) The State Accident Insurance Fund Corporation shall underwrite and classify prop-  
4 erty according to the degree of hazard from wildfire to which the property is subject and  
5 shall, in compliance with the provisions of ORS chapter 737, fix premium rates upon each  
6 insured that are sufficient to provide adequate funds to carry out the duties of the State  
7 Accident Insurance Fund Corporation. Premium rates that the corporation fixes are subject  
8 to the approval of the Director of the Department of Consumer and Business Services as  
9 provided in ORS chapter 737.

10 (3) The State Accident Insurance Fund Corporation may annually, and at such other  
11 times as the corporation deems necessary, readjust, increase or decrease the premium rates  
12 for fire insurance and property insurance against the peril of wildfire. A readjustment, in-  
13 crease or decrease must be made and becomes effective on dates that the State Accident  
14 Insurance Fund Corporation specifies, subject to the approval of the Director of the De-  
15 partment of Consumer and Business Services as provided in ORS chapter 737. The State  
16 Accident Insurance Fund Corporation shall notify insureds of changes in the rate not later  
17 than 60 days before the rate becomes effective.

18 (4) The State Accident Insurance Fund Corporation may establish a uniform system of  
19 rate modification conforming to recognized insurance principles including schedule rating  
20 and experience rating, premium discount and retrospective rating.

21 **SECTION 8.** ORS 278.415 is amended to read:

22 278.415. (1) A state agency may not purchase insurance except as authorized by the Oregon  
23 Department of Administrative Services and in accordance with the terms, conditions and procure-  
24 ment methods as may be established by the department, except [*for the transaction of*] **that the**  
25 **State Accident Insurance Fund Corporation may transact** workers' compensation insurance,  
26 **fire insurance or property insurance against the peril of wildfire, as defined in section 2 of**  
27 **this 2025 Act**, and reinsurance business [*by the State Accident Insurance Fund Corporation*].

28 (2) This section does not apply to:

29 (a) Professional liability insurance acquired under ORS 9.080 (2);

30 (b) Insurance for employee benefits; or

31 (c) Loan cancellation life insurance procured by the Department of Veterans' Affairs under ORS  
32 407.465.

33 **SECTION 9.** ORS 656.702 is amended to read:

34 656.702. (1)(a) The records of the State Accident Insurance Fund Corporation are subject to ORS  
35 192.311 to 192.478.

36 (b) Notwithstanding ORS 192.355, the State Accident Insurance Fund Corporation shall make the  
37 accident experience records of the corporation available to a bona fide rating organization to assist  
38 in making workers' compensation rates **and shall make the corporation's experience records of**  
39 **property and fire insurance claims available to rating organizations to assist in making fire**  
40 **insurance and property insurance rates.** Costs involved in making the records available [*shall*]  
41 **must** be borne by the rating organization. Accident experience records of carrier-insured employers  
42 [*shall*] **must** also be available on the same terms to assist in making such rates.

43 (2) Disclosure of workers' compensation claim records of the Department of Consumer and  
44 Business Services is governed by ORS 192.355 (20).

45 **SECTION 10.** ORS 656.751 is amended to read:

1       656.751. (1) The State Accident Insurance Fund Corporation is created as an independent public  
 2 corporation. The corporation shall be governed by a board of *[five]* **seven** directors appointed by the  
 3 Governor. *[Two]* **Three** members *[shall]* **must** be chosen to represent the public. Of the remaining  
 4 *[three]* **four** members, *[a]* **at least one** board member must be insured by the State Accident Insur-  
 5 ance Fund Corporation at the time of appointment and for one year *[prior to]* **before** appointment,  
 6 or an employee of such an employer, **and at least one board member must be insured by the**  
 7 **corporation under a policy of fire insurance or property insurance against the peril of**  
 8 **wildfire, as defined in section 2 of this 2025 Act, at the time of appointment and for one year**  
 9 **before appointment.** Members of the board are subject to confirmation by the Senate pursuant to  
 10 *[section 4,]* Article III, **section 4**, of the Oregon Constitution.

11       (2) *[No]* **A** member of the board of directors *[shall]* **may not** have any pecuniary interest, other  
 12 than an incidental interest which is disclosed and made a matter of public record at the time of  
 13 appointment to the board, in any corporation or other business entity doing business in the workers'  
 14 compensation insurance industry **or the property or casualty insurance industry.**

15       (3) The term of office of a member is four years, but a member serves at the pleasure of the  
 16 Governor. Before the expiration of the term of a member, the Governor shall appoint a successor.  
 17 A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make  
 18 an appointment to become immediately effective for the unexpired term.

19       (4) A member of the board of directors is entitled to compensation and expenses as provided in  
 20 ORS 292.495.

21       (5) The board of directors shall select one of *[its]* **the board's** members **to serve** as chairperson  
 22 and another as vice chairperson, for such terms and with such duties and powers as the board of  
 23 directors considers necessary for performance of the functions of those offices. A majority of the  
 24 members of the board of directors constitutes a quorum for the transaction of business.

25       (6) The board of directors shall meet at least once every three months at a time and place de-  
 26 termined by the board of directors. The board of directors shall meet at such other times and places  
 27 specified by the call of the chairperson or of a majority of the members of the board of directors.

28       (7) *[It is the function of]* The board of directors *[to]* **shall** establish the policies for the operation  
 29 of the State Accident Insurance Fund Corporation, consistent with all applicable provisions of law.

30       (8) The board shall file with the Legislative Assembly and the Governor, not later than April  
 31 15 of each year, a report covering the activities and operations of the State Accident Insurance  
 32 Fund Corporation for the preceding year.

33       **SECTION 11.** ORS 656.752 is amended to read:

34       656.752. (1) The State Accident Insurance Fund Corporation is created for the purpose of  
 35 transacting workers' compensation insurance, **fire insurance and property insurance against the**  
 36 **peril of wildfire, as defined in section 2 of this 2025 Act**, and reinsurance business. The State  
 37 Accident Insurance Fund Corporation also may insure an Oregon employer against any liability such  
 38 employer may have on account of bodily injury to a worker of the employer arising out of and in  
 39 the course of employment as fully as any private insurance carrier.

40       (2) The functions of the State Accident Insurance Fund Corporation *[shall be]* **are:**

41       (a) To confer with and solicit employers and to determine, handle, audit and enforce collection  
 42 of premiums, assessments and fees of insured employers insured with the State Accident Insurance  
 43 Fund Corporation;

44       (b) To make insurance available to as many Oregon employers as inexpensively as may be con-  
 45 sistent with the overall integrity of the Industrial Accident Fund, in accordance with ORS 656.634

1 and sound principles of insurance;

2 **(c) To make fire insurance and property insurance against the peril of wildfire available**  
 3 **to residents of this state as inexpensively as may be consistent with the overall integrity of**  
 4 **the Wildfire Risk Insurance Fund established under section 3 of this 2025 Act and sound**  
 5 **principles of insurance;**

6 [(c)] **(d)** To receive and handle and process the claims of workers and beneficiaries of workers  
 7 injured in the employ of insured employers insured with the State Accident Insurance Fund Corpo-  
 8 ration; [and]

9 **(e) To receive, handle and process the claims of insureds for damage and destruction to**  
 10 **property from wildfire; and**

11 [(d)] **(f)** To perform all other functions which the laws of this state specifically authorize or  
 12 which are necessary or appropriate to carry out the functions expressly authorized.

13 (3) The State Accident Insurance Fund Corporation **may sue and be sued** in [*its name may sue*  
 14 *and be sued*] **the corporation's name.**

15 (4) The State Accident Insurance Fund Corporation may authorize self-insured employers or  
 16 other insurers to use any physical rehabilitation center operated by the State Accident Insurance  
 17 Fund Corporation on such terms as the State Accident Insurance Fund Corporation deems reason-  
 18 able.

19 (5) The State Accident Insurance Fund Corporation [*in its own name,*] may acquire, lease, rent,  
 20 own and manage real property **in the corporation's name**]. *It may construct, equip and furnish*  
 21 *buildings or other structures as are necessary to accommodate its needs. It may purchase, rent, lease*  
 22 *or otherwise acquire for its use all supplies, materials, equipment and services necessary to carry out*  
 23 *its functions. It may sell or otherwise dispose of any property acquired under this subsection.] and*  
 24 **may:**

25 **(a) Construct, equip and furnish buildings or other structures to accommodate the**  
 26 **corporation's needs;**

27 **(b) Purchase, rent, lease or otherwise acquire supplies, materials, equipment and services**  
 28 **necessary to carry out the corporation's functions; and**

29 **(c) Sell or otherwise dispose of any property the corporation acquires under this section.**

30 (6) Any real property acquired and owned by the State Accident Insurance Fund Corporation  
 31 under this section [*shall be*] **is** subject to ad valorem taxation.

32 (7) The State Accident Insurance Fund Corporation may furnish advice, services and excess  
 33 workers' compensation and employer liability insurance to any employer qualified as a self-insured  
 34 employer under the provisions of ORS 656.407, on such terms and conditions as the State Accident  
 35 Insurance Fund Corporation deems reasonable.

36 (8) With the approval of the Director of the Department of Consumer and Business Services, the  
 37 State Accident Insurance Fund Corporation may provide reinsurance coverage to Oregon employers  
 38 **and to insureds under policies of fire insurance or property insurance against the peril of**  
 39 **wildfire** on such terms and conditions as the State Accident Insurance Fund Corporation deems  
 40 reasonable.

41 (9) The State Accident Insurance Fund Corporation may contract with the Oregon Department  
 42 of Administrative Services to provide claim management services for claims filed under ORS 655.505  
 43 to 655.555 by adults in custody of institutions of the Department of Corrections.

44 **SECTION 12.** ORS 656.772 is amended to read:

45 656.772. (1)(a) The Secretary of State shall conduct an annual audit **under ORS 297.210** of the

1 State Accident Insurance Fund Corporation, *[and]* the Industrial Accident Fund *[pursuant to ORS*  
 2 *297.210]* **and the Wildfire Risk Insurance Fund established under section 3 of this 2025 Act.**  
 3 As part of this audit, the Secretary of State shall contract with a firm qualified to perform an in-  
 4 dependent actuarial review.

5 (b) The firm conducting the review required by paragraph (a) of this subsection *[shall]* **must** be  
 6 familiar with the accounting standards applicable to the reserves under review, shall meet all ap-  
 7 propriate standards of practice established by the Casualty Actuarial Society, shall employ a staff  
 8 that includes no fewer than three people who have attained fellowship in the Casualty Actuarial  
 9 Society and shall maintain limits of errors and omission insurance as prescribed by the Secretary  
 10 of State.

11 (c) The Secretary of State shall determine the scope of the review required by paragraph (a) of  
 12 this subsection, which *[shall]* **must** include, but is not limited to:

13 (A) A review of the sources and uses of the moneys in the Industrial Accident Fund **and the**  
 14 **Wildfire Risk Insurance Fund;**

15 (B) A reconciliation of changes in actuarial assumptions and reserve values from the prior year;

16 (C) An examination of the development of claim reserve inadequacies or redundancies over time;

17 (D) An assessment of the future financial viability of the Industrial Accident Fund **and the**  
 18 **Wildfire Risk Insurance Fund;** and

19 (E) An evaluation of losses and loss adjustment expense reserves discounted by a rate deter-  
 20 mined by the Director of the Department of Consumer and Business Services that is consistent with  
 21 discount rates generally applied by insurers authorized to underwrite workers' compensation insur-  
 22 ance, **fire insurance and property insurance against the peril of wildfire, as appropriate,** in  
 23 *[Oregon]* **this state.**

24 (d) The State Accident Insurance Fund Corporation shall cooperate with the actuarial firm in  
 25 all respects and shall permit the firm full access to all information the firm deems necessary for a  
 26 true and complete review. Information provided to the actuarial firm conducting the annual review  
 27 is subject to the same limitations on public inspections as required for the records of the State Ac-  
 28 cident Insurance Fund Corporation.

29 (e) The audit required by paragraph (a) of this subsection *[shall]* **must** be conducted using both  
 30 generally accepted accounting principles and the statutory accounting principles published by the  
 31 National Association of Insurance Commissioners.

32 (f) The **State Accident Insurance Fund Corporation shall pay the** cost of the audit required  
 33 by paragraph (a) of this subsection *[shall be paid by the State Accident Insurance Fund*  
 34 *Corporation].*

35 (2) The Secretary of State shall issue an annual report to the Governor, the President of the  
 36 Senate and the Speaker of the House of Representatives on the results of the audit and review. The  
 37 audit and the report of the review performed by the independent actuarial firm *[shall]* **must** be  
 38 available for public inspection, in accordance with the Secretary of State's established rules and  
 39 procedures governing public disclosure of audit documents.

40 **SECTION 13.** ORS 656.774 is amended to read:

41 656.774. The board of directors of the State Accident Insurance Fund Corporation shall report  
 42 to the Secretary of State by March 15 of each year:

43 (1) The total amount of assets in the Industrial Accident Fund **and in the Wildfire Risk In-**  
 44 **surance Fund established under section 3 of this 2025 Act** as of December 31 of the prior year;

45 (2) The reserves and surplus that are actuarially necessary according to recognized insurance

1 principles as described in ORS 656.634 (2) and statutory accounting principles published by the Na-  
2 tional Association of Insurance Commissioners, excluding any allowance for undeclared dividends;

3 (3) Any funds in addition to those described in subsection (2) of this section; and

4 (4) The total amount of investment gain generated by the Industrial Accident Fund **and the**  
5 **Wildfire Risk Insurance Fund** during the prior year ending on December 31.

6 **SECTION 14. There is appropriated to the State Accident Insurance Fund Corporation,**  
7 **for the biennium beginning July 1, 2025, out of the General Fund, the amount of \$100,000,000,**  
8 **for the purpose of carrying out the provisions of sections 2 and 3 of this 2025 Act.**

9 **SECTION 15. This 2025 Act being necessary for the immediate preservation of the public**  
10 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**  
11 **on its passage.**

12