

SB 1540 -1 STAFF MEASURE SUMMARY

Senate Committee On Natural Resources and Wildfire

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Meeting Dates: 2/10, 2/12

WHAT THE MEASURE DOES:

The measure establishes requirements for insurers using select risk management methods or models to assign risk to residential properties or communities by requiring submission of those models or methods to the Department of Consumer and Business Services (DCBS) for review and approval. It requires insurers to consider community-level or property-specific mitigation actions when assessing risk and provide lower insurance rates when such actions reduce risk. The measure also requires insurers to publish information on and disclose risk classifications, mitigation opportunities, discounts, and appeal rights, and establish an appeals process. This Act applies only to fire, casualty, property, and homeowners' insurance policies. It takes effect on the 91st day following adjournment sine die.

Detailed Summary:

Defines terms.

Requires insurers that use a catastrophe (CAT) model, wildfire risk model, or other wildfire risk scoring method for residential property or communities to submit the model or method to the Department of Consumer Business Services for approval. Requires submissions to include a description of the model or method, an explanation of how it affects rates, actuarial justification for all rating factors (including mitigation-related discounts), and an explanation of how the model or method is used in underwriting. Requires submissions to describe whether and how community-level or state-performed mitigation actions are incorporated and affirms that submitted information is confidential.

Requires insurers to incorporate applicable community-level and property-specific mitigation actions into their models or otherwise demonstrate that underwriting decisions and rates reflect those actions. Requires any insurer that does not provide a premium discount, adjustment, or other incentive to policyholders who demonstrate completion of qualifying mitigation actions or the occurrence of qualifying community-level mitigation actions in sufficient proximity to reduce risk of loss.

Requires insurers to post on their public websites the process for appealing a wildfire risk classification or score and information describing available premium discounts, adjustments, or other mitigation-related incentives, including qualifying property-specific mitigation actions and corresponding incentive amounts.

Requires insurers that use a CAT or wildfire risk model, or that provide mitigation-related discounts or incentives, to provide written notice to applicants and policyholders. Specifies notice contents and timelines and requires an appeals process.

Permits the Director of DCBS and the State Fire Marshal to adopt rules and take any other actions necessary before the operative date of January 1, 2027, related to implementing these requirements. States that the Act only applies to policies of fire, casualty, property, and homeowners' insurance. Takes effect on the 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

- 1 amendment revises the definitions of "community-level mitigation action" and "property-specific mitigation action."

Detailed Summary:

Clarifies that a community-level mitigation action qualifies if it is certified by the State Fire Marshal or if it is undertaken by a local government or a state agency to reduce the risk of wildfire.

Clarifies that a property-specific mitigation action qualifies if it consists of recognized wildfire mitigation actions or if it results in compliance with Section R327, Wildfire Hazard Mitigation, of the Oregon Residential Specialty Code, or if it results in certification from the Insurance Institute for Business and Home Safety designating the property as a Wildfire Prepared Home.

BACKGROUND:

Homeowner's insurance affordability and property and community-level wildfire risk reduction and mitigation have been consistent discussions among many states Legislative Assembly's. In past sessions, the Oregon Legislative Assembly has passed bills that aim to address insurance affordability as it relates to wildfire.

Outside of Oregon, in 2025, the Colorado Legislature passed [HB 1182](#), requiring certain insurers that use wildfire or catastrophe risk models to share certain information about the model with the CO Division of Insurance in the Department of Regulatory Agencies, consider mitigation efforts in underwriting, disclose available mitigation discounts, provide appeals processes for risk scores, and notify policyholders annually of their risk classifications and discounts. The Act also requires insurers to offer discounts even when mitigation is not built into their models.