

SB 1540 A STAFF MEASURE SUMMARY

Senate Committee On Natural Resources and Wildfire

Action Date: 02/12/26

Action: Do pass with amendments and requesting referral to Rules. (Printed A-Engrossed.)

Vote: 5-0-0-0

Yeas: 5 - Girod, Golden, Nash, Prozanski, Taylor

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 2/10, 2/12

WHAT THE MEASURE DOES:

The measure establishes requirements for insurers that use select risk-management methods or models to assign risk to residential properties or communities, requiring insurers to submit those methods or models to the Department of Consumer and Business Services (DCBS) for review and approval. It requires insurers that use certain models and methods 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 risk classifications, mitigation opportunities, discounts, and appeal rights, and establish an appeals process. This measure applies only to fire, casualty, property, and homeowner insurance policies. It takes effect on the 91st day following adjournment sine die.

Detailed Summary:

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 DCBS for approval. Requires submissions to DCBS to describe the following:

- The model or method being used
- Rate impacts
- Actuarial justification
- Model methodology
- How property-specific, community-level, or state and federal mitigation actions are incorporated

Authorizes the DCBS director to review submitted models or methods to determine whether they account for specific mitigation actions and requires the insurer to modify its model or method if it does not account for these mitigation actions. Affirms that the models or methods submitted to DCBS are trade secrets and exempt from public disclosure. Provides that the measure does not require insurers to submit new underwriting guidelines or manuals, nor does it change existing underwriting filing requirements. Requires insurers to incorporate applicable mitigation actions into their models or otherwise demonstrate that underwriting decisions and rates reflect those actions.

Requires insurers that do not submit a model or method to DCBS to provide, when actuarially supported, a premium discount, adjustment, or other incentive to policyholders who demonstrate completion of qualifying property-specific mitigation actions or the occurrence of qualifying community-level mitigation actions in sufficient proximity to reduce risk of loss.

Requires insurers to post the following on their public websites:

- The process for appealing a risk classification or score
- Available premium discounts, adjustments, or other incentives
- Which property-specific mitigation actions qualify

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- The amount of each discount, adjustment, or incentive tied to those actions, or a combination of those actions

Authorizes the DCBS director to adopt rules specifying which mitigation actions or combinations of actions qualify for actuarially-supported discounts.

Requires insurers that use a CAT or wildfire risk model, or that provide mitigation-related discounts or incentives, to provide a plain language written notice to applicants and policyholders annually, or within certain timeframes for accepting, renewing, or declining property coverage. Specifies the notice's contents and timelines and requires an appeals process.

Permits the DCBS director and the state fire marshal to adopt rules and take any other actions necessary before the operative date of July 1, 2027, related to implementing the requirements.

ISSUES DISCUSSED:

- A bipartisan measure in Colorado, House Bill 1182 (2025)
- A similar measure in Washington State, Senate Bill 5928 (2026)
- Types of property-specific and community-level risk reduction work that could result in insurance premium discounts
- Underwriting criteria for a property

EFFECT OF AMENDMENT:

The amendment revises definitions and requirements related to insurer wildfire risk modeling, mitigation recognition, incentives and disclosures, and notice timelines and changes the operative date.

Detailed Summary:

- Adds definitions for "adverse rating" and "wildfire risk score"
- Revises the definition of "community-level mitigation action"
- Clarifies that a community-level mitigation action qualifies if it results in certification from certain entities or actions
- Revises the definitions of "property-specific mitigation action" to clarify that a property-specific mitigation action qualifies if it includes certain elements
- Authorizes the DCBS director to determine whether submitted models or methods account for property-specific and community-level mitigation actions and to require an insurer to modify its model or method if it does not account for these mitigation actions
- Requires insurer submissions to include how models account for property-specific mitigation actions and mitigation actions performed by state or federal agencies
- Establishes that models or methods submitted to DCBS are trade secrets and exempt from public disclosure
- Establishes that the measure does not require insurers to submit new underwriting guidelines or manuals and does not change existing underwriting filing requirements
- Authorizes the DCBS director to adopt rules specifying which mitigation actions or combinations of actions qualify for actuarially-supported discounts
- Reduces the timeframe for insurers to provide coverage denial notices based on a wildfire risk score from 15 days to 10 business days after an application is submitted
- Reduces the timeframe for insurers to provide coverage nonrenewal notices based on a wildfire risk score from 30 days to 20 business days after an application or appeal is submitted
- Changes the operative date from January 1, 2027, to July 1, 2027

BACKGROUND:

Homeowner insurance affordability and property-specific and community-level wildfire risk reduction and mitigation have been consistently discussed in many states' legislative assemblies. In previous sessions, the Oregon Legislative Assembly passed bills aimed at addressing insurance affordability related to wildfire.

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Outside of Oregon, in 2025, the Colorado General Assembly passed [HB 1182](#), requiring certain insurers that use wildfire or CAT models to share certain information about the model with the Colorado 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 measure also required insurers to offer discounts even when mitigation is not built into their models. The Washington State Legislature is considering a similar measure, [SB 5928](#), in its 2026 legislative session.