

Requested by SENATE COMMITTEE ON NATURAL RESOURCES AND WILDFIRE

**PROPOSED AMENDMENTS TO
SENATE BILL 1540**

1 On page 1 of the printed bill, delete lines 4 through 19 and delete pages
2 2 through 4 and insert:

3 **“SECTION 1. (1) As used in this section:**

4 **“(a) ‘Adverse rating’ means:**

5 **“(A) An application of a rating rule under which an insurer charges**
6 **more for a premium than the insurer would have charged if under-**
7 **writing had resulted in a more favorable wildfire risk score; or**

8 **“(B) Assignment, based on a wildfire risk score, to a rating tier that**
9 **does not have the lowest available rates.**

10 **“(b) ‘Catastrophe model’ means a tool, instrument, means, product**
11 **or method, including a map- or computer-based tool or a simulation,**
12 **that an insurer uses to estimate potential losses from catastrophic**
13 **events.**

14 **“(c) ‘Community-level mitigation action’ means an action or set of**
15 **actions to reduce the risk of wildfire or hazards or loss from wildfire**
16 **that is based in scientific practice and:**

17 **“(A) Consists of actions such as forest treatment and fuel re-**
18 **duction, investments in equipment to fight wildfires and mitigate im-**
19 **pacts from wildfires and actions that utilities take to prevent or**
20 **reduce the risk of wildfires in accordance with a plan that the Public**
21 **Utility Commission approves;**

1 **“(B) Results in a certification from the Insurance Institute for**
2 **Business and Home Safety that designates the community as a**
3 **Wildfire Prepared Neighborhood or results in a certification from an**
4 **equivalent program that verifies that the action is effective in reduc-**
5 **ing the risk of wildfire or hazards or loss from wildfire; or**

6 **“(C) Is certified by the State Fire Marshal as effective in reducing**
7 **the risk of wildfire or hazards or loss from wildfire in a neighborhood**
8 **or community or is undertaken by a local government or state or**
9 **federal agency to reduce the risk of wildfire or hazards or loss from**
10 **wildfire in a neighborhood or community.**

11 **“(d) ‘Property-specific mitigation action’ means an action or set of**
12 **actions to reduce the risk of wildfire or hazards or loss from wildfire**
13 **for a specific property that is based in scientific practice and:**

14 **“(A) Consists of actions such as establishing defensible space,**
15 **hardening structures against fire or similar or related actions that**
16 **prevent or reduce the risk of wildfire or hazards or loss from wildfire**
17 **on the property; or**

18 **“(B) Results in compliance with section R327, Wildfire Hazard Mit-**
19 **igation, of the Oregon Residential Specialty Code or results in a cer-**
20 **tification from the Insurance Institute for Business and Home Safety**
21 **that designates the property as a Wildfire Prepared Home.**

22 **“(e) ‘Wildfire risk model’ means a tool, instrument, means, product**
23 **or method, including a map- or computer-based tool or a simulation,**
24 **that an insurer uses, in whole or in part, to measure or assess the risk**
25 **of wildfire associated with a residential property or with a community,**
26 **for the purposes of:**

27 **“(A) Rating, underwriting, classifying or pricing insurance coverage**
28 **on the basis of the risk; or**

29 **“(B) Estimating potential loss from wildfire on the basis of a risk**
30 **classification.**

1 “(f) ‘Wildfire risk score’ means a measurement or assessment of the
2 risk of wildfire, expressed as a score, that summarizes the results of
3 applying a wildfire risk model or other wildfire risk scoring method.

4 “(2)(a) An insurer that uses a catastrophe model or a wildfire risk
5 model or scoring method to assign risk for residential property or a
6 community shall submit the catastrophe model or wildfire risk model
7 or scoring method to the Director of the Department of Consumer and
8 Business Services as part of the insurer’s filings under ORS chapter
9 737. The director shall review the submission to determine whether an
10 insurer’s catastrophe model or wildfire risk model or scoring method
11 accounts for community-level mitigation actions or property-specific
12 mitigation actions. If the director determines that the catastrophe
13 model, wildfire risk model or scoring method does not account for
14 community-level mitigation actions or property-specific mitigation
15 actions, the director shall require the insurer to modify the catastro-
16 phe model or wildfire risk model or scoring method to account for
17 community-level mitigation actions or property-specific mitigation
18 actions.

19 “(b) The insurer’s submission under paragraph (a) of this subsection
20 must include:

21 “(A) A description of the model or scoring method;

22 “(B) How the model or scoring method affects rates;

23 “(C) An actuarial justification for all rating factors, including any
24 discounts offered for mitigation actions; and

25 “(D) An explanation of how the insurer uses the model or scoring
26 method in underwriting decisions.

27 “(c) An insurer that makes a submission under paragraph (a) of this
28 subsection shall include in the submission information about whether
29 and how the model or scoring method the insurer uses for rating and
30 underwriting takes account of property-specific mitigation actions,

1 community-level mitigation actions or mitigation actions that state
2 or federal agencies perform.

3 “(d) A model or method that an insurer submits under paragraph
4 (a) of this subsection is a trade secret, as provided in ORS 192.345, and
5 is exempt from disclosure.

6 “(e) This subsection does not require an insurer to submit new
7 underwriting guidelines or manuals and does not modify existing re-
8 quirements to submit underwriting guidelines or manuals.

9 “(3)(a) An insurer that uses a catastrophe model or a wildfire risk
10 model, or a combination of a catastrophe model and a wildfire risk
11 model, shall incorporate applicable community-level mitigation actions
12 and property-specific mitigation actions into the catastrophe model,
13 wildfire risk model or combination of models, or shall otherwise dem-
14 onstrate that the insurer’s underwriting, rates and rate differentials
15 incorporate applicable community-level mitigation actions and
16 property-specific mitigation actions.

17 “(b) An insurer that does not comply with the requirement set forth
18 in paragraph (a) of this subsection shall, when actuarially supported,
19 give a premium discount or adjustment or other incentive to an in-
20 surance policy holder that demonstrates that the policy holder has
21 undertaken a property-specific mitigation action for the policy holder’s
22 property or that a community-level mitigation action has occurred in
23 sufficient proximity to the policy holder’s property to reduce the risk
24 of loss.

25 “(4) An insurer shall post on the insurer’s public website the pro-
26 cess for appealing the insurer’s risk classification and readily accessi-
27 ble information about the premium discounts or adjustments or other
28 incentives that may be available to insurance policy holders that
29 demonstrate that the policy holder has undertaken a property-specific
30 mitigation action or that a community-level mitigation action oc-

1 curred in sufficient proximity to the policy holder’s property to reduce
2 the risk of loss. The information must identify property-specific miti-
3 gation actions a policy holder could undertake to receive the premium
4 discount or adjustment or other incentive and the amount of the dis-
5 count, adjustment or incentive that corresponds with each action or
6 combination of actions. The director by rule may determine which
7 mitigation actions or combination of mitigation actions qualify for an
8 actuarially supported discount.

9 “(5)(a) An insurer that provides a premium discount or adjustment
10 or other incentive, or that uses a catastrophe model or wildfire risk
11 model to underwrite, price, decline to renew, create a differential rate
12 or assign an adverse rating for a policy of insurance shall notify an
13 applicant for insurance or a policy holder, in writing and within the
14 deadlines specified in subsection (6) of this section, of:

15 “(A) The risk classification or score the insurer has given to the
16 applicant or policy holder; and

17 “(B) Any applicable property-specific mitigation action the policy
18 holder could undertake and any community-level mitigation action
19 that could result in a more favorable classification or score, accept-
20 ance or renewal of an application, withdrawal of a rate differential,
21 surcharge, a premium discount or adjustment or other incentive.

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

23 “(A) Explain in plain language the classification or score the
24 insurer has determined for the applicant’s or policy holder’s property
25 and state that different insurers may use different models or have
26 different risk classifications or scores that could lead to different re-
27 sults or different decisions;

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

30 “(C) Specify the relative position of the classification or score the

1 insurer assigns to the applicant's or policy holder's property within the
2 range of classifications or scores the insurer identifies in subparagraph
3 (B) of this paragraph;

4 “(D) Explain why the applicant's or policy holder's property re-
5 ceived the classification or score the insurer assigned and identify the
6 primary features of the property that influenced the classification or
7 score;

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

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

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

19 “(a) Not later than 10 business days after the applicant submits a
20 completed application for insurance to the insurer and the insurer of-
21 fers a policy of insurance to the applicant, if the policy has an adverse
22 rating on the basis of a wildfire risk score;

23 “(b) Not later than 10 business days after the applicant submits a
24 completed application to the insurer and the insurer declines to make
25 an offer of a policy of insurance on the basis of a wildfire risk score;

26 “(c) At the time the insurer offers to renew a policy holder's policy
27 if the policy will have an adverse rating;

28 “(d) At the time the insurer notifies a policy holder that the insurer
29 declines to renew the policy holder's policy, if the insurer declines on
30 the basis of a wildfire risk score; or

1 “(e) Not later than 20 business days after an applicant who has
2 submitted a completed application and a request or appeal to an
3 insurer who has declined to make an offer of a policy of insurance,
4 or who submits a request or appeal of a reclassification or adjustment
5 to the wildfire risk score the insurer gives to the applicant’s or policy
6 holder’s property, together with a demonstration:

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

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

12 “(7)(a) An applicant or insurance policy holder may, under sub-
13 section (6) of this section, appeal a wildfire risk score or a classifica-
14 tion that an insurer assigns to the applicant’s or policy holder’s
15 property, or dispute the amount of a premium discount or adjustment
16 or other incentive the insurer provides for a property-specific miti-
17 gation action or community-level mitigation action, if the applicant
18 or policy holder believes the classification, score or amount is not ac-
19 curate. The insurer shall provide the applicant or policy holder with
20 a written acknowledgement not later than 10 business days after re-
21 ceiving the appeal or dispute and shall respond to the appeal or dispute
22 with a decision in writing not later than 30 business days after re-
23 ceiving the appeal or dispute.

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

28 “(8) The director and the State Fire Marshal may adopt rules to
29 implement the provisions of this section.

30 “SECTION 2. Section 1 of this 2026 Act applies to policies of fire

1 insurance, casualty insurance as defined in ORS 731.158, property in-
2 surance as defined in ORS 731.182 and homeowner insurance as defined
3 in ORS 746.600 that an insurer issues or renews on or after the opera-
4 tive date specified in section 3 of this 2026 Act.

5 **“SECTION 3. (1) Section 1 of this 2026 Act becomes operative on**
6 **July 1, 2027.**

7 **“(2) The Director of the Department of Consumer and Business**
8 **Services and the State Fire Marshal may adopt rules and take any**
9 **other action before the operative date specified in subsection (1) of this**
10 **section that is necessary to enable the director or the State Fire**
11 **Marshal to undertake and exercise, on and after the operative date**
12 **specified in subsection (1) of this section, all of the duties, functions**
13 **and powers conferred on the director or the State Fire Marshal by**
14 **section 1 of this 2026 Act.**

15 **“SECTION 4. This 2026 Act takes effect on the 91st day after the**
16 **date on which the 2026 regular session of the Eighty-third Legislative**
17 **Assembly adjourns sine die.”.**

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