



SB 82 - Wildfire Insurance Bill

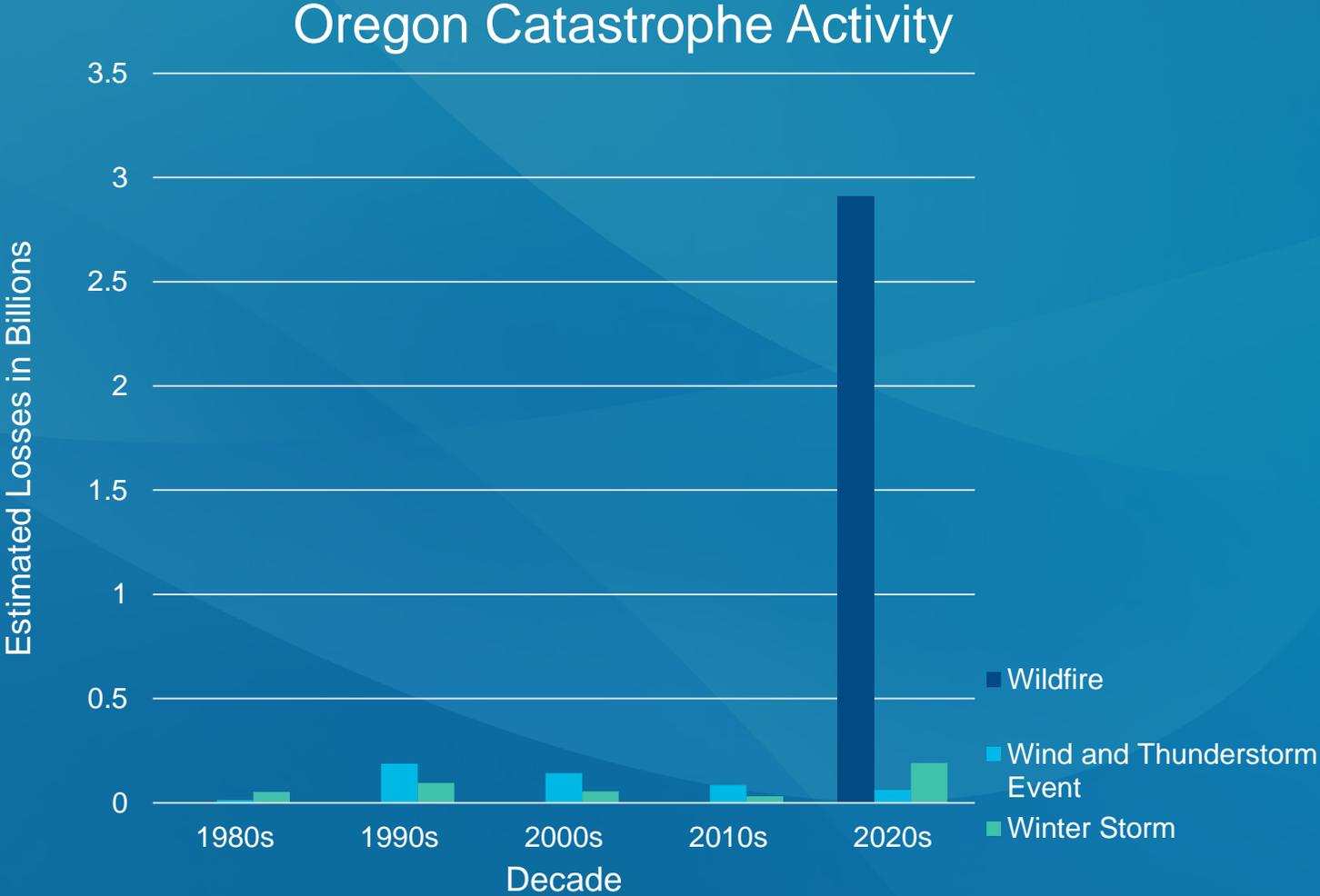
Andrew Stolfi, DCBS Director / Insurance Commissioner
Division of Financial Regulation



Division of
Financial
Regulation

Department of Consumer
and Business Services

Increased wildfire risk



DFR Wildfire Bill (2023)

The three major elements:

- Improved consumer disclosure requirements
- Rating and underwriting consideration for:
 - Defensible space
 - Home hardening
 - Community-level mitigation
- Flexibility to extend rebuild and content replacement timelines

The fourth, nonlegislative element:

- FAIR Plan changes

Consumer disclosures

[Redacted]

September 19, 2021

[Redacted]

Dear [Redacted]

We recently reviewed your [Redacted] Homeowners Policy [Redacted] to ensure we're still able to provide coverage for your residence at [Redacted]. Unfortunately, we're unable to continue coverage

Therefore, all coverages under this policy will end on November 3, 2021, at 12:01 a.m., Pacific Time.

Your agent, [Redacted], can help you find coverage before your current policy expires. [Redacted] phone number is [Redacted].

If you have any questions, please contact me at [Redacted].

Sincerely,

[Redacted]
[Redacted]
[Redacted]

[Redacted]

Policy Type: Business Owner
Policy Number: [Redacted]
Policy Period: 05/01/2021
Through: 05/01/2022
Print Date: 03/11/2022

AGENT COPY

[Redacted]

Insured:

[Redacted]

Property Location:

[Redacted]

And all property locations and coverages insured by this policy.

NOTICE OF NON-RENEWAL

This notice, in compliance with the requirements of the Oregon Insurance Code, is to inform you that Policy Number [Redacted] will not be renewed when it expires.

EXPIRATION DATE: 05/01/2022 12:01 A.M. STANDARD TIME

Reason: Upon review this location was found to be unduly exposed to ember fallout, smoke, and fire from wild land fuels with no opportunity for effective mitigation.

If you have any questions regarding this notice, please contact your agent.

Improved consumer disclosures

Consumers should be provided more information on an insurer's assessments of a property's risk and how premiums are calculated, such as:

- Specific reasons for any adverse decisions (a declination or termination of insurance coverage)
- The source of data used by the insurer (e.g., Firewise score)

Mitigation efforts

- Decrease risk and usually lower insurance premiums
 - Considered in insurance rating and/or underwriting
- Common examples include:
 - Home security systems
 - Smoke and carbon monoxide detectors
 - Sprinkler systems
 - Generators
 - Pool safety measures (fencing)
 - Safety deposit boxes

Mitigation efforts in rating and underwriting

- Property-level mitigation, including but not limited to:
 - Home hardening
 - Defensible space
- Community-level mitigation
 - Example: Firewise USA Site in Good Standing
- Industry concerns
 - Hard to implement
 - Lack of data
 - Difficult to price

Previous wildfire legislation and agency action

- **House Bill 3272 (2021)**
 - 2 years of additional living expenses up to policy limits
 - 2 years to rebuild, repair, or replace damaged property
 - Not applicable to losses resulting from the 2020 wildfires
- **Bulletin No. DFR 2022-3**
 - Directed insurers to extend rebuild/replace timelines to at least 9/30/23 or provide an adequate explanation to the division for any policyholder not being granted an extension

Extending rebuild/replace timelines

- Timelines to rebuild the home and other structures and replace personal property are required to be extended in reasonable increments if:
 - Losses occurred in an area under a state of emergency
 - Delays were due to circumstances outside insured's control
 - The insured acted with good faith and reasonable diligence



Questions?