



SB 82A - Wildfire Insurance Bill

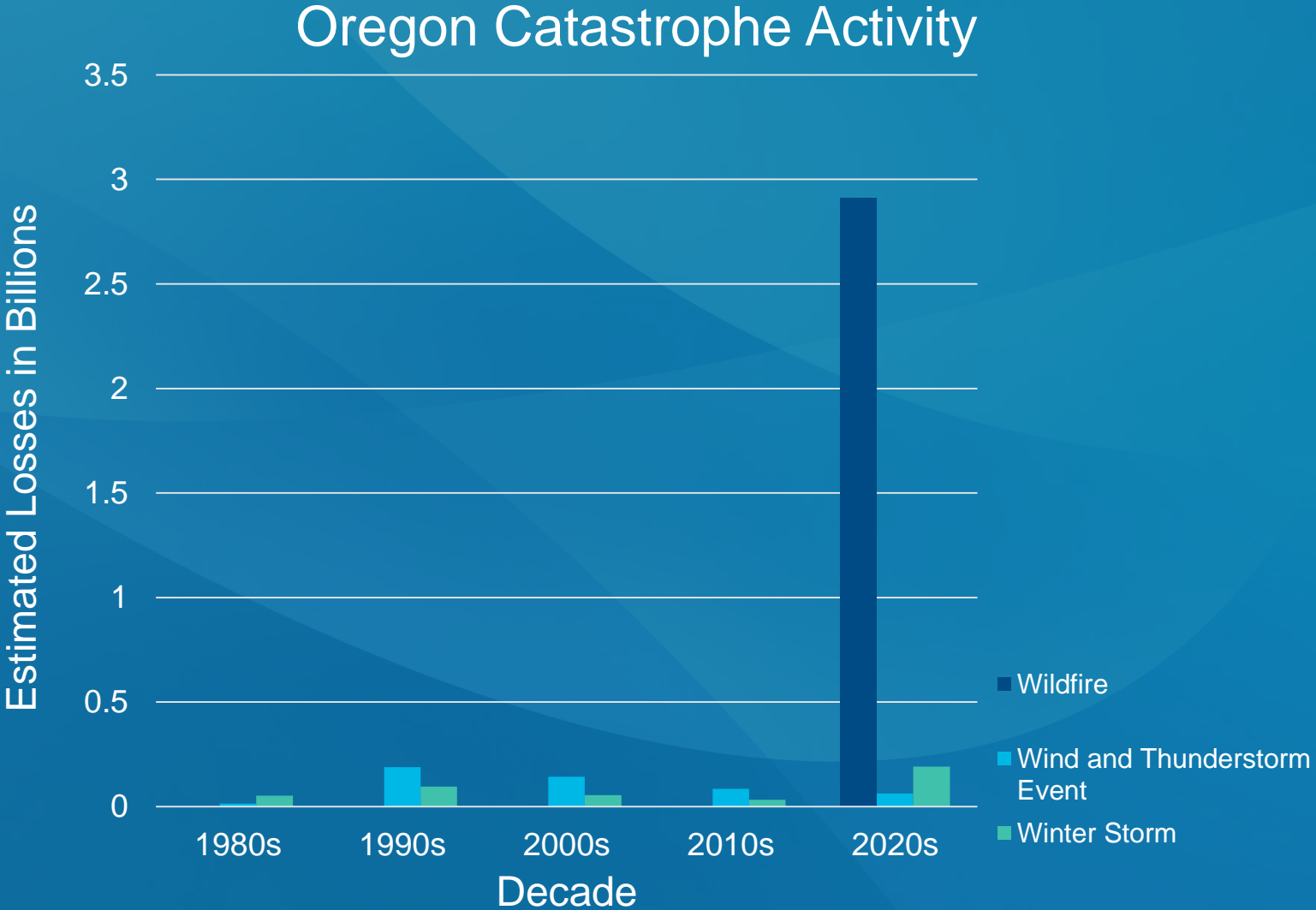
April 5, 2023

House Committee on Climate, Energy, and Environment



Department of Consumer
and Business Services

Increased wildfire risk



Summary

The bill's four main elements:

- Improved consumer disclosure requirements
- Underwriting and rating plans reflect how an insurer addresses or considers:
 - Defensible space
 - Home hardening
 - Community-level mitigation
- Flexibility to extend rebuild and content replacement timelines
- Prohibition on using state wildfire risk map for insurance decisions

Nonlegislative accomplishment:

- FAIR Plan policy limit increases

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

- Detailed notices required when residential policy (1) canceled, or (2) nonrenewed, or (3) premium increased
- Action must be materially related to wildfire risk
- Notice must include:
 - Property-specific reasons for the decision
 - Description of wildfire risk mitigation actions that could help insurability
 - General information on how the insurer measures wildfire risk
 - If a wildfire risk score is used: how it is determined; range of scores; relative position of the property's score; and impacts of wildfire risk mitigation actions on the score

Mitigation efforts

- Decrease risk and usually lower insurance premiums
 - Considered in insurance rating, underwriting, or both
- 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

- Underwriting guidelines and rating plans must reflect how insurer addresses or considers wildfire risk mitigation actions:
 - Property-level mitigation includes: home hardening, defensible space, IBHS certification
 - Community-level mitigation includes: recognition as a Firewise USA Site, participation in an OSFM community risk reduction program
- Public notice of how wildfire risk mitigation actions may impact underwriting and rating

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; up to 3 years under certain circumstances
 - Not applicable to losses resulting from 2020 wildfires
- Bulletin No. DFR 2022-3
 - Directed insurers to extend rebuild/replace timelines to at least 9/30/23 or provide adequate explanation to division for any policyholder not being granted extension

Extending rebuild/replace timelines

- Timelines to rebuild home and other structures and replace personal property are required to be extended in reasonable increments up to 36 months if:
 - Losses occurred in area subject to order issued under Emergency Conflagration Act
 - Delays due to circumstances outside insured's control
 - Insured acted with good faith and reasonable diligence

Prohibition on use of state wildfire risk map

- Insurers are prohibited from using the state wildfire risk map as a basis for:
 - Canceling insurance policy
 - Nonrenewing insurance policy
 - Increasing insurance premium



Questions?