

SB 1540 A -A6 STAFF MEASURE SUMMARY

Senate Committee On Rules

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Meeting Dates: 3/2

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.

Fiscal impact: *May have fiscal impact, but no statement yet issued*

Revenue impact: *May have revenue impact, but no statement yet issued*

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
- 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:

EFFECT OF AMENDMENT:

-A6 The amendment establishes a statewide wildfire mitigation database, clarifies reporting requirements of mitigation actions, and authorizes DCBS to disapprove models or methods that do not meet specific requirements.

Detailed Summary:

Requires the state fire marshal to coordinate with the Department of Forestry (ODF) to develop a statewide database (database) with information on wildfire mitigation efforts. Requires the database to include information about community-level projects, landscape fuel reduction projects, or forest treatment projects that reduce wildfire risk and to provide property owners with the ability to submit data about actions taken to harden structures and create defensible space.

Authorizes the state fire marshal, ODF and DCBS to determine by rule what the data must include by January 1, 2027. Requires the state fire marshal and ODF to develop the database by January 1, 2028.

Clarifies that data collected or submitted must include information about whether efforts reduce wildfire risk or meet any of the following applicable standards:

- Section R327 of the Oregon Residential Specialty Code
- Wildfire prepared home certification from the Insurance Institute for Business & Home Safety (IBHS)
- Oregon Defensible Space Code
- Other state or national standards governing landscape resilience and community-level risk reduction projects

Revises definition of "community-level mitigation action" by removing the requirement that such actions consist of investments in wildfire-fighting equipment, utility actions undertaken under plans approved by the Public Utility Commission, actions resulting in IBHS certification, actions certified by the State Fire Marshal as effective in reducing wildfire risk or impacts, or actions undertaken by local, state, or federal agencies to reduce wildfire risk or impacts in a neighborhood or community.

Specifies that DCBS may disapprove submitted models or methods that do not account for community-level or property-specific mitigation actions. Requires DCBS to specify the form, format and contents of the model or method submissions, as well as the information insurers must post to their public websites. Authorizes DCBS to specify additional community-level or property-specific mitigation actions insurers must incorporate into their models or methods.

Requires insurers to first submit models or methods to DCBS by August 30, 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.

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.