

Oregon Department of Consumer and Business Services Division of Financial Regulation, Bulletin No. DFR 2022-5

TO: Insurance producers selling homeowners policies

DATE: August 11, 2022

RE: Communications regarding the state wildfire risk map

PURPOSE

The purpose of this bulletin is to provide guidance to insurance producers regarding the Division of Financial Regulation's expectations to provide truthful communications to policyholders about the state wildfire risk map currently under development. It may be a violation of the Insurance Code to falsely attribute rate increases or decisions to cancel coverage to the state wildfire risk map.

AUTHORITY

- ORS 744.074
- ORS 746.110

BACKGROUND

The Insurance Code prohibits any person from making untrue, deceptive, or misleading representations or statements with respect to the business of insurance.¹

The division has received reports of policyholders who believe that insurers are making underwriting or rating decisions based on the state wildfire risk map. Many of these beliefs

¹ Under ORS 746.110, no person shall make, publish, disseminate, circulate, or place before the public, or cause, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of the insurance business, which is untrue, deceptive or misleading.

have been reported publicly, thereby leading to misunderstandings among the general public, policyholders, and legislators about insurer use of the map.

STATE WILDFIRE RISK MAP AND GUIDANCE

Since the passage of Senate Bill 762 (2021) requiring the development of a state wildfire risk map, the division has been communicating with insurers about how they will use the map. A data call was issued on August 2, 2022, to gather further information about current or potential use of the map for rating, underwriting, or any other purpose. Insurance companies reported that they have not used the state wildfire risk map for rating or underwriting purposes, and that they are not planning to use the map for rating or underwriting purposes, confirming the information they had shared previously with the division.

It is extremely important that consumers receive accurate information about decisions made with respect to their policies. The insurance industry has robust data tools used to make pricing and underwriting decisions that have been in the marketplace for years. Falsely attributing rating or underwriting decisions to the state wildfire risk map is a violation of the Insurance Code. Any person who violates a provision of the Insurance Code may face up to \$10,000 in civil penalties per violation.² Insurance producers with questions about the tools and maps used by insurance companies should consult with those companies so that they can accurately relay the factors that are incorporated into the company's rating and underwriting decisions.

This bulletin takes effect upon publication.



Andrew R. Stolfi
Insurance Commissioner and Director
Department of Consumer and Business Services

8/11/2022

Date

² ORS 731.788