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Green insurance grows in Oregon

Salem, Oregon – As more homes and buildings are constructed to eco-friendly standards, a growing number of insurance companies are offering optional *green insurance* for property owners who want to make sure they can replace any property loss with green techniques and materials.

People who already have green-certified homes might research this coverage to ensure that any repairs or rebuilding are green. For example, regular policy coverage might replace a 2x4 with a 2x4 but not necessarily with a 2x4 that does not deplete the rain forest. Green insurance might ensure that debris from the damage is recycled rather than sent to a landfill or that alternative power-generating equipment is replaced.

Green insurance also is being sold to people with traditional homes who want to upgrade to “green standards” if their property is damaged or destroyed. Depending on the loss, this could range from use of certain sustainable woods and toxin-free paint to installation of energy-efficient appliances and heating, ventilation and air conditioning systems.

In 2007, one insurance group representing five companies offered green insurance for commercial buildings in Oregon. Today, 44 insurance companies make it available to commercial property owners. Four homeowner insurance groups representing eight companies offer green insurance for homeowners.

“Oregon is a leader in sustainability, and we are pleased to see more insurance companies offering products that make going green easier for homeowners and building owners,” said Cory Streisinger, director of the state Department of Consumer and Business Services.

Green insurance is sold as an endorsement to homeowner policies, the same way some people buy extra coverage to insure certain jewelry. The cost varies by company. For homeowners, it typically is a percent of the premium (2 percent to 4.5 percent) or is linked to the home value. At 2 percent of premium, a homeowner paying \$500 a year would pay an additional \$10 for green insurance.

DCBS recommends interested homeowners talk with their insurance agents about whether buying green insurance is prudent. Here are some tips for evaluating this option:

- Research the additional costs of rebuilding to a green standard. Then, weigh the additional premium for “green insurance” against paying those additional building costs yourself should you suffer a loss.
- If you have green features in your existing home, ask your agent or insurance company how they will be repaired or replaced in the event of a loss.
- Understand that any repairs or rebuilding paid for by insurance would only involve covered losses. So, if a small kitchen fire damaged the dishwasher and you had green insurance, the damaged appliance would be upgraded to an energy-efficient version.

Find additional information on green insurance at: http://insurance.oregon.gov/consumer/consumer-tips/4845-14_green-insurance.pdf.

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