

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5053 SB	<b>Title:</b> Insurance sublimits	<b>Agency:</b> 160-Office of Insurance Commissioner
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
<b>Account</b>					
Insurance Commissioners Regulatory Account-State 138-1	10,735	8,223	18,958	16,446	16,446
<b>Total \$</b>	10,735	8,223	18,958	16,446	16,446

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kellee Gunn	Phone: 786-7429	Date: 01/09/2023
Agency Preparation: Andrew Davis	Phone: 360-725-7170	Date: 01/12/2023
Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 01/12/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/13/2023

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(5) requires residential insurance policies, issued on or after January 1, 2024, that contain sub-limits to include on the policy's declarations page a statement that the policy may limit the amount of coverage available for certain losses, and that the insured should review the policy carefully. The entire declarations page must be delivered to the insured at every policy renewal.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Section 1(5) requires residential insurance policies, issued on or after January 1, 2024, that contain sub-limits to include on the policy's declarations page a statement that the policy may limit the amount of coverage available for certain losses, and that the insured should review the policy carefully. The entire declarations page must be delivered to the insured at every policy renewal. All insurers issuing residential property policies will be required to make a one-time filing of their amended declarations page. There are currently 168 insurers issuing approximately 151 residential policies each year. In FY2024, one-time costs of 15 minutes of review time per declaration page filing, or a total of 38 hours (15 minutes x 151 filings), of a Functional Program Analyst 3 will be required.

The provisions in Section 1(5) will also lead to an increase in enforcement actions. The OIC anticipates an average of an additional 2 enforcement actions per year to address noncompliance of declaration page requirements. Enforcement actions require the equivalent of approximately 40 hours per case requiring 80 hours (2 cases x 40 hours) of an Insurance Enforcement Specialist beginning in FY2024.

Ongoing Costs:

Salary, benefits, and associated costs for .05 FTE Insurance Enforcement Specialist beginning in FY2024.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	10,735	8,223	18,958	16,446	16,446
<b>Total \$</b>			10,735	8,223	18,958	16,446	16,446

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	0.1
A-Salaries and Wages	6,441	4,976	11,417	9,952	9,952
B-Employee Benefits	2,147	1,602	3,749	3,204	3,204
C-Professional Service Contracts					
E-Goods and Other Services	2,147	1,645	3,792	3,290	3,290
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	10,735	8,223	18,958	16,446	16,446

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	73,260	0.0		0.0		
Insurance Enforcement Specialist	99,516	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	0.1

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*