

Individual State Agency Fiscal Note

Bill Number: 5220 SB	Title: Mutual insurer reorg.	Agency: 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	0.0	0.0	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	13,773	0	13,773	0	0
Total \$	13,773	0	13,773	0	0

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.

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Agency Approval: Michael Wood	Phone: 360-725-7007	Date: 01/13/2023
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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 3(1) allows a domestic mutual insurer to engage in a conversion as part of a reorganization as a mutual holding company only if the board passes a resolution that the reorganization is fair and equitable to the policyholders and adopts a plan that meets the requirements of RCW 48.09.

Section 3(3) requires the Office of Insurance Commissioner (OIC) to approve or disapprove the reorganization plan within 60 days after receiving a completed filing of the plan and all information requested or within 60 days after the completion of a hearing on the plan, whichever date is later.

Section 5(5) allows the OIC to hold a hearing for the purposes of receiving comments on whether a plan should be approved and on any other matter relating to the reorganization. The hearing, if held, must be held within 60 days after the OIC receives a complete filing and all information requested.

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 3(1) allows a domestic mutual insurer to engage in a conversion as part of a reorganization as a mutual holding company only if the board passes a resolution that the reorganization is fair and equitable to the policyholders and adopts a plan that meets the requirements of RCW 48.09.

Section 3(3) requires the Office of Insurance Commissioner (OIC) to approve or disapprove the reorganization plan within 60 days after receiving a completed filing of the plan and all information requested or within 60 days after the completion of a hearing on the plan, whichever date is later.

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The OIC assumes one domestic mutual insurer will reorganize as a mutual holding company requiring one-time costs of 45 hours of a Financial Examiner 3 and 20 hours of the Holding Company Manager, in FY2024, to review the proposed reorganization plan filing. It is further assumed that a hearing to receive comments on whether the plan should be approved will be held requiring one-time costs of 30 hours of an Insurance Enforcement Specialist and 24 hours of the Holding Company Manager to brief the assigned attorney, draft and post public notices, prepare declarations, and provide testimony

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	13,773	0	13,773	0	0
Total \$			13,773	0	13,773	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
A-Salaries and Wages	8,379		8,379		
B-Employee Benefits	2,639		2,639		
C-Professional Service Contracts					
E-Goods and Other Services	2,755		2,755		
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-					
Total \$	13,773	0	13,773	0	0

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
Financial Examiner 3	96,156	0.0		0.0		
Holding Company Manager	116,784	0.0		0.0		
Insurance Enforcement Specialist	99,516	0.0		0.0		
Total FTEs		0.1		0.1		0.0

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.