

Individual State Agency Fiscal Note

Bill Number: 1634 HB	Title: Residential insurance	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	0.0	0.0	0.0	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	2,629	0	2,629	0	0
Total \$	2,629	0	2,629	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: 02/01/2023
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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 1(1) prohibits insurers from denying an application for a residential insurance policy, or cancelling, refusing to renew, or modifying an existing residential insurance policy based on the applicant or insured owning or harboring a dog of a specific breed.

Section 1(2) asserts that insurers may deny an application for a residential insurance policy, or cancel, refuse to renew, or modify an existing residential insurance policy based on sound underwriting and actuarial principles. This includes imposing a reasonable increase to a premium for dogs known to be dangerous or dogs declared to be dangerous under RCW 16.08.

Section 1(3) prohibits an insurer of residential insurance policies from asking or inquiring about the specific breed or mixture of breeds of a dog which is harbored or owned on an applicable property.

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(1) prohibits insurers from denying an application for a residential insurance policy, or cancelling, refusing to renew, or modifying an existing residential insurance policy based on the applicant or insured owning or harboring a dog of a specific breed.

Section 1(2) asserts that insurers may deny an application for a residential insurance policy, or cancel, refuse to renew, or modify an existing residential insurance policy based on sound underwriting and actuarial principles. This includes imposing a reasonable increase to a premium for dogs known to be dangerous or dogs declared to be dangerous under RCW 16.08.

Section 1(3) prohibits an insurer of residential insurance policies from asking or inquiring about the specific breed or mixture of breeds of a dog which is harbored or owned on an applicable property.

Section 1 will require all insurers issuing homeowner’s policies to make a one-time filing of their amended policy applications to remove all questions related to the type of dog breed the applicant owns or keeps on the property. There are 168 insurers with approved homeowner’s products and the OIC assumes the amended policy application form filings will result in 5 minutes of review per filing requiring one-time costs of 14 hours (168 form filings x 5 minutes) of a Functional Program Analyst 3 in FY2024. Additionally, the OIC will require one-time costs, in FY2024, of 8 hours of a Functional Program Analyst 4 to update filing review standards, update checklist documents and filing instructions, train staff and educate issuers.

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	2,629	0	2,629	0	0
Total \$			2,629	0	2,629	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0		0.0		
A-Salaries and Wages	1,543		1,543		
B-Employee Benefits	560		560		
C-Professional Service Contracts					
E-Goods and Other Services	526		526		
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 \$	2,629	0	2,629	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
Functional Program Analyst 3	73,260	0.0		0.0		
Functional Program Analyst 4	80,952	0.0		0.0		
Total FTEs		0.0		0.0		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.