

Multiple Agency Fiscal Note Summary

Bill Number: 2329 S HB	Title: Insurance market/housing
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.3	80,730	80,730	80,730	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.0	0	0	315,093	.0	0	0	0	.0	0	0	0
Department of Enterprise Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.3	80,730	80,730	395,823	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 2/ 5/2024
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Individual State Agency Fiscal Note

Bill Number: 2329 S HB	Title: Insurance market/housing	Agency: 103-Department of Commerce
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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	0.5	0.3	0.0	0.0
Account					
General Fund-State 001-1	0	80,730	80,730	0	0
Total \$	0	80,730	80,730	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.

Legislative Contact: Michelle Rusk	Phone: 360-786-7153	Date: 01/31/2024
Agency Preparation: Hayley Tresenriter	Phone: 360-725-3042	Date: 02/05/2024
Agency Approval: Hayley Tresenriter	Phone: 360-725-3042	Date: 02/05/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/05/2024

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.

Comparison of SHB 2329 and original bill:

Section 2(2)(a): Is rewritten to include any identified insurers and requires the groups identified to provide the requested information to the commissioner.

Section 2(4): Removes the commissioner's ability to cite data under RCW 34.05.010.

Summary of SHB 2329:

Section 2(1): A new section requires the Office of the Insurance Commissioner (OIC) to conduct a study, resulting in a legislative report recommending potential policy and budget options for creating an insurance pool for the study's population. The OIC must consult with Commerce as part of the study. Commerce assumes staff time will be needed to support OIC during this study in FY25; Commerce assumes 0.1 of the following FTEs will be needed to meet the requirements of this bill. Management Analyst 4, Management Analyst 5, and a WMS 3. This will cost commerce \$60,218 in FY25, which the program can handle with its current resources.

Section 2(3&4): Requires the Insurance Commissioner (OIC) to submit a report to the legislature, due December 31st, 2024. Where data may be requested from the Commerce for this study. Commerce assumes 0.1 FTE IT Data Management – Journey (208 hours) in FY25 will be used for the overall program and data coordination and management to assist with the report. The Data Management – Journey will oversee and establish data security and access protocols, manage data sharing agreement tasks, working with the agency contracts office. This will cost Commerce \$20,512 in FY25, which the program can handle with its current resources.

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.

It is anticipated that Commerce will fulfill several requests for data from OIC and attend several meetings. The following FTEs will be needed to support OIC in the 12 2-hour meetings they are anticipating in FY25:

0.1 Management Analyst 4

0.1 Management Analyst 5

0.1 WMS 3

0.1 FTE IT Data Management – Journey (208 hours) in FY25 will be used for the overall program and data coordination and management to assist with the report. This will cost Commerce \$20,512 in FY25, which the program can handle with its current resources.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	80,730	80,730	0	0
Total \$			0	80,730	80,730	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.3		
A-Salaries and Wages		44,188	44,188		
B-Employee Benefits		14,411	14,411		
C-Professional Service Contracts					
E-Goods and Other Services		2,852	2,852		
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		19,279	19,279		
9-					
Total \$	0	80,730	80,730	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
Administrative Services			0.1	0.1		
IT Data Management - Journey			0.1	0.1		
Management Analyst 5			0.1	0.1		
Management Analyst 4			0.1	0.1		
WMS Band 3			0.1	0.1		
Total FTEs			0.5	0.3		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.

Individual State Agency Fiscal Note

Bill Number: 2329 S HB	Title: Insurance market/housing	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	0.1	0.0	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	315,093	315,093	0	0
Total \$	0	315,093	315,093	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.

Legislative Contact: Michelle Rusk	Phone: 360-786-7153	Date: 01/31/2024
Agency Preparation: Andrew Davis	Phone: 360-725-7170	Date: 02/01/2024
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 02/01/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/02/2024

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 2 requires the Office of Insurance Commissioner (OIC) to conduct a study, due to the legislature by December 31, 2024, of the property and liability coverages available to housing providers receiving housing trust fund resources and serving extremely low-income households. Additionally, Section 2 authorizes the OIC to contract with a vendor to conduct an actuarial analysis to facilitate the development of recommendations concerning high-risk sharing pools. The OIC must conduct the study in consultation with multiple entities including:

- housing providers receiving housing trust fund resources
- authorized and unauthorized insurers
- providers of nonprofit insurance services
- risk-sharing pools for public housing authorities and nongovernmental owners of affordable housing properties
- risk retention groups
- relevant association groups including the surplus lines association of WA
- other relevant state agencies including the Department of Enterprise Services, the Office of Risk Management and the Department of Commerce.

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 2 requires the Office of Insurance Commissioner (OIC) to conduct a study, due to the legislature by December 31, 2024, of the property and liability coverages available to housing providers receiving housing trust fund resources and serving extremely low-income households. Additionally, Section 2 authorizes the OIC to contract with a vendor to conduct an actuarial analysis to facilitate the development of recommendations concerning high-risk sharing pools. The OIC must conduct the study in consultation with multiple entities. The report must make recommendations on potential policy or budget options, including considerations regarding the development of a single-state or multistate high-risk sharing pool and potential policy and budget options to address reinsurance market volatility.

Completing the study will require the OIC to spend time preparing for and facilitating meetings with housing providers, the insurance industry, other state agencies and interested parties. The OIC will need to research the property and liability market to better understand the coverages available to housing providers. Additional research will be required to understand the insurance framework of risk-sharing pools for public housing authorities and nongovernmental owners of affordable housing properties before drafting a report. The OIC anticipates holding 12 meetings with multiple entities in attendance with each meeting requiring 2 hours for preparation and facilitation. The OIC will require the equivalent of 136 hours of a Senior Policy Analyst, in FY2025, to prepare for and facilitate the stakeholder meetings, conduct research and analysis, collect data, procure and manage the contractor, and draft the report. In addition, based on OIC's prior experience with procuring contractors for actuarial studies and accounting for the short turnaround of the study, \$300,000, in FY2025, will be required to contract with a vendor to conduct the actuarial analysis required for the study.

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	0	315,093	315,093	0	0
Total \$			0	315,093	315,093	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		9,292	9,292		
B-Employee Benefits		2,782	2,782		
C-Professional Service Contracts		300,000	300,000		
E-Goods and Other Services		3,019	3,019		
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 \$	0	315,093	315,093	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
Senior Policy Analyst	116,148		0.1	0.0		
Total FTEs			0.1	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.

Individual State Agency Fiscal Note

Bill Number: 2329 S HB	Title: Insurance market/housing	Agency: 179-Department of Enterprise Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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.

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Agency Approval: Jessica Goodwin	Phone: (360) 819-3719	Date: 02/04/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 02/05/2024

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.

This bill is related to conducting a study of the insurance market for housing providers receiving housing trust fund resources.

Section 2(1) requires the Office of the Insurance Commissioner (OIC) to conduct a study of the property and liability coverages available to housing providers who are receiving housing trust fund resources and serving extremely low-income households. In conducting the study, OIC must consult with a list of stakeholders, including the Department of Enterprise Services (DES).

Section 2(3) states that OIC shall submit a report to the Legislature by December 31, 2024.

The work associated with consulting with OIC can be completed within existing resources.

There is no fiscal impact to the Department of Enterprise Services.

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.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

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.