

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1516 S HB	<b>Title:</b> Insurance/affordable units	<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 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
<b>Account</b>					
Insurance Commissioners Regulatory Account-State 138-1	184,109	184,109	368,218	0	0
<b>Total \$</b>	184,109	184,109	368,218	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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## 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 requires the Office of Insurance Commissioner (OIC) to conduct a study regarding how projects that develop new permanently affordable homeownership units may utilize different insurance coverage options or approaches to reduce costs related to condominium construction defect liability and maintain commensurate access to insurance coverage.

Section 1(2) requires the OIC consult with various identified entities.

Section 1(4) requires the report be provided to the Legislature by December 31st, 2026.

### 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 requires the Office of Insurance Commissioner (OIC) to conduct a study regarding how projects that develop new permanently affordable homeownership units may utilize different insurance coverage options or approaches to reduce costs related to condominium construction defect liability and maintain commensurate access to insurance coverage.

Section 1(2) requires the OIC consult with various identified entities.

Section 1(4) requires the report be provided to the Legislature by December 31st, 2026.

OIC assumes completing the study will require the OIC to spend time preparing for and facilitating meetings with the identified entities we are required to consult with. OIC assumes we 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 for condominium builders, transfer of ownership and how the nonprofit and government entities that are subject of the study differ from for profit entities 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 70 hours in FY2026 and FY2027 of a Senior Policy Analyst 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, a total of \$350,000 (\$175,000 in FY2026 and FY2027) 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 2026	FY 2027	2025-27	2027-29	2029-31
138-1	Insurance Commissioners Regulatory Account	State	184,109	184,109	368,218	0	0
<b>Total \$</b>			184,109	184,109	368,218	0	0

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

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.0	0.0	0.0		
A-Salaries and Wages	5,691	5,691	11,382		
B-Employee Benefits	1,596	1,596	3,192		
C-Professional Service Contracts	175,000	175,000	350,000		
E-Goods and Other Services	1,822	1,822	3,644		
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>	184,109	184,109	368,218	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 2026	FY 2027	2025-27	2027-29	2029-31
Senior Policy Analyst	131,328	0.0	0.0	0.0		
<b>Total FTEs</b>		0.0	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.*