

Multiple Agency Fiscal Note Summary

Bill Number: 5721 E SB	Title: Automobile insurance
-------------------------------	------------------------------------

Estimated Cash Receipts

NONE

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.6	0	0	187,406	.5	0	0	146,626	.5	0	0	146,626
Total \$	0.6	0	0	187,406	0.5	0	0	146,626	0.5	0	0	146,626

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Final 3/15/2025
--------------------------------------	---------------------------------	---

Judicial Impact Fiscal Note

Bill Number: 5721 E SB	Title: Automobile insurance	Agency: 055-Administrative Office of the Courts
-------------------------------	------------------------------------	--

Part I: Estimates

☒ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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 for 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.

Legislative Contact: John Kim	Phone: 360-786-7453	Date: 03/10/2025
Agency Preparation: Chris Conn	Phone: 360-704-5512	Date: 03/11/2025
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 03/11/2025
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 03/13/2025

205,003.00

Request # 289-1

Form FN (Rev 1/00)

1

Bill # 5721 E SB

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

The engrossed bill specifies requirements and procedures for appraisal, including timeframes for invoking appraisal, selecting appraisers, and appointing umpire, and determining the amount of loss. It also specifies the bearing of appraisal costs, but requires an insurer to reimburse the policyholder for appraisal costs under certain circumstances and requires the Office of the Insurance Commissioner to register competent and disinterested umpires and appoint such an umpire upon request.

The substitute would not make any changes affecting the fiscal impact to the Administrative Office of the Courts or the courts.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No or minimal fiscal impact to the Administrative Office of the Courts as this bill does not affect current AOC or court processes.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

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

NONE

205,003.00

Form FN (Rev 1/00)

None

Individual State Agency Fiscal Note

Bill Number: 5721 E SB	Title: Automobile insurance	Agency: 160-Office of Insurance Commissioner
-------------------------------	------------------------------------	---

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	0.8	0.5	0.7	0.5	0.5
Account					
Insurance Commissioners Regulatory Account-State 138-1	114,093	73,313	187,406	146,626	146,626
Total \$	114,093	73,313	187,406	146,626	146,626

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: John Kim	Phone: 360-786-7453	Date: 03/10/2025
Agency Preparation: David Forte	Phone: 360-725-7268	Date: 03/13/2025
Agency Approval: Tom Zuvela	Phone: (800) 562-6900	Date: 03/13/2025
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 03/15/2025

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 every automobile insurance policy issued or renewed on or after January 1, 2026 that includes first-party coverage for physical damage to include a right to an appraisal to resolve disputes between the insurer and the insured regarding the actual cash value and amount of loss on the damaged automobile. If the parties' appraisers cannot agree on a registered competent and disinterested umpire, the Office of the Insurance Commissioner (OIC) must identify one.

Section 1(4) authorizes the OIC to adopt rules as necessary to implement the bill.

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.

NONE.

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 every automobile insurance policy issued or renewed on or after January 1, 2026 that includes first-party coverage for physical damage to include a right to an appraisal to resolve disputes between the insurer and the insured regarding the actual cash value and amount of loss on the damaged automobile. If the parties' appraisers cannot agree on a registered competent and disinterested umpire, the Office of the Insurance Commissioner (OIC) must identify one.

Section 1 will require personal auto insurance companies to file amended policy language that will need to be reviewed and approved by the OIC. There are currently 60 companies offering personal auto policies in Washington. The review of previously approved form language will take an estimated average of 30 minutes per form filing requiring one-time costs of 30 hours (60 filings x 30 minutes) of a Functional Program Analyst 3 in FY2026.

Section 1 will generate additional consumer inquiries, calls, and complaints regarding appraisal rights. Unsatisfactory settlement offers are one of the largest drivers of consumer contacts to the OIC. Over the last 5 years, the OIC has averaged 559 complaints per year involving unsatisfactory settlement offers for private passenger auto policies. The OIC estimates a 10% increase in these complaints as a result of the requirements in this section. In addition, the OIC is expected to receive an additional 1,560 written inquiries and 2,080 calls per year. For purposes of this fiscal note, it is assumed that informational cases will take 10 minutes per case and complaint cases will take 3.25 hours per case requiring a total of 789 hours (3,640 info cases x 10 minutes + 56 complaint cases x 3.25 hours) of a FPA3 each year beginning in FY2026.

The provisions in section 1 will lead to an increase in enforcement actions related to violations by first party automobile insurers. OIC anticipates an additional two enforcement actions per year as a result of this bill. Enforcement actions require the equivalent of approximately 40 hours per case requiring 80 hours (2 cases x 40 hours) per year of an Insurance Attorney beginning in FY2026.

Section 1(4) authorizes the OIC to adopt rules as necessary to implement the bill. The bill's OIC umpire identification process would be modeled after the OIC's similar Balance Billing Protection Act arbitration process requiring 'normal' rulemaking in FY2026.

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	114,093	73,313	187,406	146,626	146,626
Total \$			114,093	73,313	187,406	146,626	146,626

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.8	0.5	0.7	0.5	0.5
A-Salaries and Wages	68,642	43,430	112,072	86,860	86,860
B-Employee Benefits	22,632	15,220	37,852	30,440	30,440
C-Professional Service Contracts					
E-Goods and Other Services	22,819	14,663	37,482	29,326	29,326
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 \$	114,093	73,313	187,406	146,626	146,626

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
Functional Program Analyst 3	78,468	0.5	0.5	0.5	0.5	0.5
Functional Program Analyst 4	86,712	0.1		0.0		
Insurance Attorney	106,608	0.1	0.1	0.1	0.1	0.1
Senior Policy Analyst	131,328	0.2		0.1		
Total FTEs		0.8	0.5	0.7	0.5	0.5

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.

Section 1(4) authorizes the OIC to adopt rules as necessary to implement the bill. The bill’s OIC umpire identification process would be modeled after the OIC’s similar Balance Billing Protection Act arbitration process requiring ‘normal’ rulemaking in FY2026.