Individual State Agency Fiscal Note

Bill Number: 5720 SB	Title: Risk mitigation	Agency: 160-Office of Insurance Commissioner

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	0.2	0.0	0.1	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	24,613	0	24,613	0	0
Total $	24,613	0	24,613	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 Preparation:	David Forte	Phone: 360-725-7042	Date: 02/09/2023
Agency Approval:	Michael Wood	Phone: 360-725-7007	Date: 02/09/2023
OFM Review:	Jason Brown	Phone: (360) 742-7277	Date: 02/09/2023

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) removes the prohibition of commercial property policies from including goods and/or services intended to reduce the probability of loss, or the extent of loss, from a covered event as part of the policy of property insurance.

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) removes the prohibition of commercial property policies from including goods and/or services intended to reduce the probability of loss, or the extent of loss, from a covered event as part of the policy of property insurance.

Policies of property insurance that include goods and/or services intended to reduce the probability or extent of loss are required to demonstrate, in the property insurers' rate filing, that its rates account for the expected costs of the goods and/or services and the reduction in expected claims costs resulting from the goods and/or services. As a result of removing the prohibition on commercial property policies from including loss prevention and/or mitigation goods and/or services, the OIC assumes it will receive one additional rate filing each year beginning in FY2024 and that 6 hours of an Actuarial Analyst 3 will be required to review the commercial property rate filing.

Current rules in WAC 284-33 do not allow commercial property insurance to offer risk mitigation goods and services. 'Simple' rulemaking, in FY2024, will be required to allow commercial property insurers the ability to provide risk mitigation goods and services to their insured.

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	24,613	0	24,613	0	0
		Total $	24,613	0	24,613	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	14,891		14,891		
B-Employee Benefits	4,799		4,799		
C-Professional Service Contracts					
E-Goods and Other Services	4,923		4,923		
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 $	24,613	0	24,613	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 4	80,952	0.1		0.0		
Senior Policy Analyst	108,432	0.1		0.1		
Total FTEs		0.2		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.

Current rules in WAC 284-33 do not allow commercial property insurance to offer risk mitigation goods and services. 'Simple' rulemaking, in FY2024, will be required to allow commercial property insurers the ability to provide risk mitigation goods and services to their insured.