Individual State Agency Fiscal Note

Bill Number: 5589 SB	Title: Insurance & credit study	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	0.1	0.1	0.1	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	518,165	10,380	528,545	0	0
Total $	518,165	10,380	528,545	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:	Joyce Brake	Phone: 360-725-7041	Date: 02/10/2025
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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.

Sec. 1(2) requires the Office of the Insurance Commissioner (OIC) to conduct a study of insurers' use of credit history, credit-based insurance scores, other rate factors that may have disparate impacts on Washington residents, and alternatives to their use, in determining premiums, rates, or eligibility for coverage, and any associated impacts to costs or availability.

Sec. 1(3)(a) and (b) direct the OIC to collect information from entities transacting personal insurance and to investigate and obtain any other relevant information to assist with the study.

Sec. 1(3)(c) directs the OIC to contract with actuaries and other consultants as needed to perform the study. The study will include analysis of the current use of credit scores and credit-based insurance models, alternatives factors that could be used instead, the likely impact to consumers, and policy options for the Legislature.

Sec. 1(4) directs the OIC to submit a preliminary report to the relevant policy committees of the Legislature by December 31, 2025 and a final report by September 15, 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.

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.

Sec. 1(2) requires the Office of the Insurance Commissioner (OIC) to conduct a study of insurers' use of credit history, credit-based insurance scores, other rate factors that may have disparate impacts on Washington residents, and alternatives to their use, in determining premiums, rates, or eligibility for coverage, and any associated impacts to costs or availability.

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The OIC will require 140 hours of a Senior Policy Analyst 4 in FY2026 as well as 80 hours in FY2027 to conduct research and analysis, collect data, procure and manage the contractors, and draft the report.

It is estimated that $350,000 will be required in FY2026 to contract with a vendor to conduct the actuarial analysis for the study.

Additionally, the OIC anticipates $150,000 will be required in FY2026 to contract with an academic consultant to

supplement the actuarial analysis and better understand the disparate impacts on various groups.

No rule making required.

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	518,165	10,380	528,545	0	0
		Total $	518,165	10,380	528,545	0	0

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	0.1	0.1	0.1		
A-Salaries and Wages	11,349	6,485	17,834		
B-Employee Benefits	3,183	1,819	5,002		
C-Professional Service Contracts					
E-Goods and Other Services	503,633	2,076	505,709		
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 $	518,165	10,380	528,545	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	0.1	0.1	0.1		
Total FTEs		0.1	0.1	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

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.