

Multiple Agency Fiscal Note Summary

Bill Number: 5963 SB	Title: Deadly weapons insurance
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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
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Insurance Commissioner	.3	0	0	84,045	.0	0	0	0	.0	0	0	0
Total \$	0.3	0	0	84,045	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
Office of Attorney General	.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

Estimated Capital Budget Breakout

NONE

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Final 2/ 2/2024
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Individual State Agency Fiscal Note

Bill Number: 5963 SB	Title: Deadly weapons insurance	Agency: 100-Office of Attorney General
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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.

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: Joe McKittrick	Phone: 3607867287	Date: 01/26/2024
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 01/31/2024
Agency Approval: Leah Snow	Phone: 360-586-2104	Date: 01/31/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/31/2024

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 1 – New Section. Adding to RCW 9.41 – requiring a person who owns a firearm to obtain a residential dwelling policy covering losses or damage resulting from the discharge of a firearm.

Section 2 – New Section. Adding to RCW 48.15 – requiring licensed surplus line brokers to ask whether insureds own firearms and whether such firearms are securely stored, and inform persons of the requirements of Section 1; requiring the Office of the Insurance Commissioner (OIC) to adopt rules.

Section 3 – New Section. Adding to RCW 48.17 - requiring licensed insurance producers to ask whether insureds own firearms and whether such firearms are securely stored, and inform persons of the requirements of Section 1; requiring OIC to adopt rules.

Section 4 – New Section. Effective date of January 1, 2025.

The AGO Government Compliance and Enforcement Division (GCE) has reviewed this bill and determined it will not significantly increase or decrease the division’s workload in representing the Office of the Insurance Commissioner (OIC). This bill will require a person who owns a firearm to obtain and continuously maintain a residential dwelling insurance policy covering losses or damages resulting from discharge of a firearm. It would also require licensed surplus lines brokers and insurance producers to ask insureds whether they own a firearm and whether it is securely stored, and to inform potential policy holders of the requirement to purchase and maintain coverage. Finally, this bill would authorize the OIC to engage in rulemaking to adopt standards for brokers and producers to attest that these requirements have been met. GCE assumes there will not be any appreciable increase in enforcement actions relating to these provisions and legal advice will be requested during rulemaking that will result in 40 Assistant Attorney General (AAG) hours during FY 2025. New legal services are nominal and costs are not included in this request.

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.

Individual State Agency Fiscal Note

Bill Number: 5963 SB	Title: Deadly weapons insurance	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	0.5	0.3	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	84,045	84,045	0	0
Total \$	0	84,045	84,045	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: Joe McKittrick	Phone: 3607867287	Date: 01/26/2024
Agency Preparation: Andrew Davis	Phone: 360-725-7170	Date: 01/30/2024
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 01/30/2024
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.

Sections 2(1) and 3(1) requires, effective January 1, 2025, every licensed surplus line broker and insurance producer, prior to the sale of a new residential dwelling policy or renewing a residential dwelling policy, to ask whether any of the prospective or named insureds on the policy contract own a firearm. If the response is affirmative, the surplus line broker or insurance producer is required to also ask if the firearm or firearms are securely stored and to inform the prospective or named insured of the requirement, in Section 1, to obtain and maintain an insurance policy covering losses or damages resulting from the accidental or unintentional discharge of the firearm.

Sections 2(2) and 3(2) require the Office of Insurance Commissioner to adopt, by rule, standards for surplus line brokers, insurers, and insurance producers to attest that the requirements of Section 2(1) and 3(1) have been met.

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.

Sections 2(1) and 3(1) requires, effective January 1, 2025, every licensed surplus line broker and insurance producer, prior to the sale of a new residential dwelling policy or renewing a residential dwelling policy, to ask whether any of the prospective or named insureds on the policy contract own a firearm. If the response is affirmative, the surplus line broker or insurance producer is required to also ask if the firearm or firearms are securely stored and to inform the prospective or named insured of the requirement, in Section 1, to obtain and maintain an insurance policy covering losses or damages resulting from the accidental or unintentional discharge of the firearm.

Sections 2(2) and 3(2) require the Office of Insurance Commissioner (OIC) to adopt, by rule, standards for surplus line brokers, insurers, and insurance producers to attest that the requirements of Section 2(1) and 3(1) have been met. 'Normal' rulemaking, in FY2025, will be required.

The provisions in Sections 2 and 3 will lead to an increase in investigations and enforcement actions, including hearing demands, in situations in which a surplus line broker, insurer, or insurance producer does not comply with the attestation standards established in rule. OIC anticipates an additional 4 investigations and 5 enforcement actions, with 3 cases being sent to hearings, in FY2025, to address noncompliance with attestation standards. Investigations generally take anywhere between 25-80 hours per case, enforcement actions require the equivalent of approximately 40 hours per case, and hearings generally take 50 hours per case. For purposes of this fiscal note, it is assumed that investigations will require an average of 30 hours per case, enforcement actions will require an average of 40 hours per case, and hearings will require an average of 50 hours per case requiring 120 hours (4 investigations x 30 hours) of an Investigator 3 and 350 hours (5 enforcement actions x 40 hours + 3 hearings x 50 hours) of an Insurance Attorney in FY2025. In addition, OIC anticipates one-time costs, in FY2025, of 40 hours of an Insurance Attorney to provide advice related to this statutory change and its interpretation, implementation and enforcement.

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	84,045	84,045	0	0
Total \$			0	84,045	84,045	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		50,930	50,930		
B-Employee Benefits		16,306	16,306		
C-Professional Service Contracts					
E-Goods and Other Services		16,809	16,809		
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	84,045	84,045	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	86,712		0.1	0.0		
Insurance Attorney	95,652		0.2	0.1		
Investigator 3	88,800		0.1	0.0		
Senior Policy Analyst	116,148		0.2	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.

Sections 2(2) and 3(2) require the Office of Insurance Commissioner to adopt, by rule, standards for surplus line brokers, insurers, and insurance producers to attest that the requirements of Section 2(1) and 3(1) have been met. 'Normal' rulemaking, in FY2025, will be required.