
HOUSE BILL 2330

State of Washington

68th Legislature

2024 Regular Session

By Representatives Reeves and Ryu

1 AN ACT Relating to wildfire risk; amending RCW 48.14.020; adding
2 a new section to chapter 48.18 RCW; adding a new chapter to Title 48
3 RCW; and making an appropriation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **I. Consumer Transparency and Reporting Requirements**

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.18
7 RCW to read as follows:

8 (1) The definitions in this section apply throughout this section
9 unless the context clearly requires otherwise:

10 (a) "Adverse action" means cancellation, denial, or nonrenewal of
11 property insurance or general casualty insurance.

12 (b) "Consumer" means an individual policyholder or applicant for
13 insurance.

14 (c) "General casualty insurance" has the meaning in RCW
15 48.11.070.

16 (d) "Property insurance" has the meaning in RCW 48.11.040.

17 (e) "Wildfire risk model" means any tool, instrumentality, means
18 or product, including but not limited to a map-based tool, a
19 computer-based tool, or a simulation, that is used by an insurer, in

1 whole or in part, to measure or assess the wildfire risk associated
2 with a residential or commercial structure for purposes of:

3 (i) Classifying individual structures according to their wildfire
4 risk; or

5 (ii) Estimating losses corresponding to such wildfire risk
6 classifications.

7 (f) "Wildfire risk score" means the numerical representation of
8 wildfire risk resulting from the deployment of a wildfire risk model.

9 (2) Any insurer that takes adverse action against a consumer
10 based in whole or in part on the use of a wildfire risk model must
11 include the following information in the written notice required
12 under RCW 48.18.290 or 48.18.2901, or in a separate written notice to
13 the consumer if notice is not otherwise required:

14 (a) What wildfire risk model or models were used and from which
15 company or companies the models were provided;

16 (b) The consumer's wildfire risk score resulting from the
17 insurer's use of the wildfire risk model, which must include:

18 (i) The applicable range of scores that could possibly be
19 assigned to an insured; and

20 (ii) The relative position of the score or factor assigned to the
21 insured within that range of possible scores;

22 (c) In addition to an insurer's obligation to provide the actual
23 reason for taking adverse action against a consumer under this
24 chapter, a detailed written explanation of why the consumer received
25 the assigned wildfire risk score, including specific reference to the
26 features of the subject property that influenced the assignment of
27 the score and the adverse action. The insurer is responsible for
28 ensuring that the reason or reasons for the adverse action are
29 written in reasonably clear and simple language, even if the reason
30 or reasons are provided to the insurer by a vendor of a wildfire risk
31 model. In all circumstances it is not sufficient for an insurer to
32 state that an insured does not meet the insurer's underwriting
33 standards. If feasible, the insurer must also include in its written
34 explanation what mitigation measure or measures can be taken by the
35 consumer to lower the wildfire risk score;

36 (d) Information about the Washington essential property insurance
37 inspection and placement program;

38 (e) Contact information for the office of the insurance
39 commissioner, including the toll-free consumer hotline and website
40 address of the office's consumer complaint center; and

1 (f) Information regarding how a consumer may appeal the adverse
2 action, in accordance with the following:

3 (i) An insurer must permit a consumer to appeal a wildfire risk
4 score assignment orally or in writing directly to the insurer, which
5 may include new information from the consumer about the subject
6 property, any mitigation measures undertaken, and a request for a
7 physical inspection of the subject property.

8 (ii) If a consumer appeals the wildfire risk score, the insurer
9 shall acknowledge receipt of the appeal in writing within 10 calendar
10 days of receipt of the appeal.

11 (iii) An insurer must respond to an appeal in writing with a
12 reconsideration and decision within 30 calendar days after receiving
13 the appeal, and the reconsideration and decision must demonstrate
14 that the insurer reviewed and considered any new information provided
15 by the consumer under (f)(i) of this subsection.

16 (iv) In the event an appeal is denied, the insurer shall, upon
17 request of the commissioner, forward a copy of the appeal and the
18 insurer's response to the commissioner.

19 (3) Any insurer issuing general casualty insurance or property
20 insurance to consumers in this state must annually report the
21 following information for the prior calendar year to the office of
22 the insurance commissioner by July 1st of each year:

23 (a) The total number of adverse actions taken with respect to a
24 general casualty insurance policy or property insurance policy for a
25 consumer;

26 (b) Within the number reported under subsection (a) of this
27 section, the number of adverse actions taken based in whole or in
28 part on the insurer's use of a wildfire risk model, which must
29 include:

30 (i) The wildfire risk score associated with each adverse action;

31 (ii) The actual reason the insurer took the adverse action, in
32 accordance with subsection (2) of this section; and

33 (iii) The wildfire risk models used and the vendor providing the
34 wildfire risk model; and

35 (c) The total number, if any, of wildfire risk mitigation
36 discounts or credits provided to a consumer as permitted under
37 Section 11 of this act.

38 (4) Data required to be provided for the purpose of complying
39 with the reporting requirements in this section is confidential by
40 law and privileged and is not subject to public disclosure under

1 chapter 42.56 RCW unless cited by the commissioner in connection with
2 an agency action as defined in RCW 34.05.010(3). Nothing in this
3 section prohibits the commissioner from preparing and publishing
4 reports, analyses, or other documents using the data received under
5 this section so long as the data is in aggregate form and does not
6 permit the identification of information related to individual
7 companies. Data in the aggregate form are deemed open records
8 available for public inspection. Nothing in the section affects,
9 limits, or amends the commissioner's authority under chapter 48.37
10 RCW.

11 **II. Consumer Mitigation and Protection**

12 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
13 section apply throughout this chapter unless the context clearly
14 requires otherwise:

15 (1) "Commissioner" means the insurance commissioner of this
16 state.

17 (2) "Eligible contractor" means an individual duly registered
18 under chapter 18.27 RCW who meets the standards established by the
19 commissioner by rule under section 8 of this act.

20 (3) "Eligible evaluator" means an individual who possesses a
21 valid Washington state business license and who meets the standards
22 established by the commissioner by rule under section 8 of this act.

23 (4) "Program" means the strengthen Washington homes program
24 established under this chapter.

25 (5) "Wildfire prepared home standards" means standards equivalent
26 to nationally recognized building safety requirements supported by
27 scientific research and intended to reduce wildfire risk and prevent
28 avoidable loss from wildfire, including but not limited to
29 requirements for creation of a five-foot noncombustible perimeter
30 around a residential property. The commissioner may adopt rules as
31 necessary to implement and administer this definition.

32 NEW SECTION. **Sec. 3.** PROGRAM ESTABLISHED—PURPOSE—PERMITTED
33 ACTIVITIES. The strengthen Washington homes program is hereby
34 established within the office of the insurance commissioner. The
35 purpose of the program is to provide grants to Washington homeowners
36 to either retrofit residential property to resist loss due to
37 wildfire, or evaluate whether residential property meets wildfire

1 mitigation standards, including the wildfire prepared home standards,
2 or both.

3 NEW SECTION. **Sec. 4.** GRANT APPLICATIONS AND APPROVAL—
4 ALLOCATION. (1) The commissioner shall establish by rule a process
5 whereby homeowners in Washington state may apply to receive a grant
6 administered by the commissioner under this chapter to:

7 (a) Retrofit an insurable property to mitigate against damage
8 caused by wildfire in a manner not otherwise provided for by state
9 law, rule, or program;

10 (b) Inspect an insurable residential property to certify that it
11 meets the wildfire prepared home standards; or

12 (c) Achieve both subsections (a) and (b) of this subsection.

13 (2) The commissioner must review all grant applications for
14 completeness and perform appropriate audits to verify the accuracy of
15 the information on the application and that the applicant meets all
16 eligibility rules as established under section 8 of this act. When a
17 grant is approved, the commissioner must send an approval letter to
18 the applicant.

19 (3) An eligible contractor or eligible evaluator chosen by an
20 applicant to complete the work described in subsection (1) of this
21 section is prohibited from beginning work until a grant is approved.

22 (4) In order to assure equitable distribution of grants in
23 proportion to the income demographics in counties where the program
24 is made available, all verified applicants must be placed in the
25 order the application was received and grant applications must be
26 accepted and awarded on a first-come, first-served basis. The
27 commissioner may establish pilot projects as needed to establish a
28 sustainable program distribution system in any geographic area within
29 the state.

30 (5) The commissioner may obtain grants or other money from the
31 federal government or other funding sources to support and enhance
32 program activities.

33 (6) The commissioner must regularly coordinate with other state
34 agencies including the department of natural resources to ensure that
35 grants awarded under this section are not duplicative of wildfire
36 mitigation and related efforts undertaken by other state agencies.

37 NEW SECTION. **Sec. 5.** GRANT AWARD PROCESS—RELEASE OF GRANT
38 MONEY. (1) After a grant application is approved:

1 (a) An eligible contractor selected by a homeowner may begin the
2 mitigation work permitted by the scope of the grant application
3 approved by the commissioner. Once the mitigation work is completed,
4 the eligible contractor must submit a copy of the signed contract
5 between the contractor and homeowner to the commissioner, along with
6 an invoice seeking payment.

7 (b) An eligible evaluator must conduct evaluations to either:

8 (i) Confirm that the work completed under (a) of this subsection
9 was accomplished according to the applicable mitigation
10 specifications; or

11 (ii) Confirm that a residential property has met the wildfire
12 prepared home standard. Once an evaluation is completed, an evaluator
13 must submit a report to the commissioner of the property's condition,
14 an invoice seeking payment, and an affidavit stating whether the
15 property meets the wildfire prepared standards.

16 (2) The commissioner or a designee must, on behalf of the
17 homeowner, directly pay the eligible contractor that performed the
18 mitigation work or the eligible evaluator, the costs covered by the
19 grant from the strengthened Washington homes account created in section
20 9 of this act. The homeowner must pay the eligible contractor or
21 evaluator for any remaining cost not covered by the grant.

22 (3) The commissioner must conduct random inspections to detect
23 any fraud and must submit any irregularities to the attorney general.

24 NEW SECTION. **Sec. 6.** USE OF GRANTS. (1) A grant awarded under
25 this chapter must be used solely for the purposes described in
26 section 4 of this act.

27 (2) Grant money provided under this chapter must not be used for
28 general maintenance or repairs but may be used in conjunction with
29 repairs or reconstruction necessitated by damage from wildfire.

30 (3) A project funded by a grant under this chapter must be
31 completed within six months of the date the grant is approved.
32 Failure to complete the project in a timely manner may result in
33 forfeiture of the grant.

34 NEW SECTION. **Sec. 7.** LIMITATIONS. (1) This chapter does not
35 create an entitlement for property owners or obligate the state of
36 Washington to pay for residential property in Washington to be
37 inspected or retrofitted.

1 (2) All mitigation under this chapter is contingent upon securing
2 all required local permits and applicable inspections to comply with
3 local building codes and applicable wildfire prepared home standards.
4 A mitigation project receiving a grant under this chapter is subject
5 to random reinspection at a later date.

6 NEW SECTION. **Sec. 8.** RULE MAKING. The commissioner may adopt
7 rules as necessary to implement and administer this chapter
8 including, but not limited to:

9 (1) Rules on criteria used to determine whether an applicant is
10 eligible for a grant under this chapter;

11 (2) Rules on standards to determine whether a contractor is
12 eligible to work on a project funded by a grant under this chapter;
13 and

14 (3) Rules on standards to determine whether an evaluator is
15 eligible to work on a project funded by a grant under this chapter.

16 NEW SECTION. **Sec. 9.** STRENGTHEN WASHINGTON HOMES ACCOUNT—
17 APPROPRIATION. The strengthen Washington homes account is created in
18 the state treasury. All receipts from the premium tax in RCW
19 48.14.020(1)(c) must be deposited in the account. Expenditures from
20 the account may be used only for the strengthen Washington homes
21 program.

22 NEW SECTION. **Sec. 10.** The sum of \$500,000, or as much thereof
23 as may be necessary, is appropriated for the fiscal biennium ending
24 June 30, 2025, from the insurance commissioner's regulatory account—
25 state to the strengthen Washington homes account—state created in
26 section 9 of this act.

27 NEW SECTION. **Sec. 11.** (1) An insurer's provision of an
28 actuarially supported wildfire risk mitigation credit or discount is
29 not in violation of RCW 48.18.480.

30 (2) Beginning December 1, 2025, and by December 1st each year
31 thereafter, the commissioner shall annually report to the appropriate
32 committees of the legislature on any credits or discounts provided
33 under this chapter and reported to the commissioner under section 1
34 of this act. The commissioner's report must include details

1 concerning the use of credits and discounts and the types of wildfire
2 risk mitigation qualifying for a credit or discount.

3 NEW SECTION. **Sec. 12.** Sections 2 through 11 of this act
4 constitute a new chapter in Title 48 RCW.

5 **Sec. 13.** RCW 48.14.020 and 2023 c 388 s 4 are each amended to
6 read as follows:

7 (1)(a) Subject to other provisions of this chapter, each
8 authorized insurer except title insurers and registered eligible
9 captive insurers as defined in RCW 48.201.020 shall on or before the
10 first day of March of each year pay to the state treasurer through
11 the commissioner's office a tax on premiums. Except as provided in
12 subsection (3) of this section, such tax shall be in the amount of
13 two percent of all premiums, excluding amounts returned to or the
14 amount of reductions in premiums allowed to holders of industrial
15 life policies for payment of premiums directly to an office of the
16 insurer, collected or received by the insurer under RCW 48.14.090
17 during the preceding calendar year other than ocean marine and
18 foreign trade insurances, after deducting premiums paid to
19 policyholders as returned premiums, upon risks or property resident,
20 situated, or to be performed in this state. For tax purposes, the
21 reporting of premiums shall be on a written basis or on a paid-for
22 basis consistent with the basis required by the annual statement. For
23 the purposes of this section the consideration received by an insurer
24 for the granting of an annuity shall not be deemed to be a premium.

25 (b) Beginning July 1, 2023, and July 1st of each year thereafter,
26 the state treasurer shall deposit \$7,000,000 in moneys collected for
27 premium taxes pursuant to this section into the Washington auto theft
28 prevention authority account created in RCW 46.66.080. Beginning July
29 1, 2023, the amount deposited under this subsection must be adjusted
30 by the most current seasonally adjusted index of the consumer price
31 index for all urban consumers as published by the bureau of labor
32 statistics of the United States department of labor.

33 (c) Beginning on July 1, 2026, and July 1st each year after, the
34 state treasurer shall deposit \$5,000,000 in moneys collected for
35 premium taxes pursuant to this section into the strengthen Washington
36 homes account created in section 9 of this act. Beginning July 1,
37 2026, the amount deposited under this subsection must be adjusted by
38 the most current seasonally adjusted index of the consumer price

1 index for all urban consumers as published by the bureau of labor
2 statistics of the United States department of labor.

3 (2) (a) The taxes imposed in this section do not apply to amounts
4 received by any life and disability insurer for health care services
5 included within the definition of practice of dentistry under RCW
6 18.32.020 except amounts received for pediatric oral services that
7 qualify as coverage for the minimum essential coverage requirement
8 under P.L. 111-148 (2010), as amended, and for stand-alone family
9 dental plans as defined in RCW 43.71.080(4) (a), only when offered in
10 the individual market, as defined in RCW 48.43.005, or to a small
11 group, as defined in RCW 48.43.005.

12 (b) Beginning January 1, 2014, moneys collected for premiums
13 written on qualified health benefit plans and qualified dental plans
14 offered through the health benefit exchange under chapter 43.71 RCW
15 must be deposited in the health benefit exchange account under RCW
16 43.71.060.

17 (3) In the case of insurers which require the payment by their
18 policyholders at the inception of their policies of the entire
19 premium thereon in the form of premiums or premium deposits which are
20 the same in amount, based on the character of the risks, regardless
21 of the length of term for which such policies are written, such tax
22 shall be in the amount of two percent of the gross amount of such
23 premiums and premium deposits upon policies on risks resident,
24 located, or to be performed in this state, in force as of the thirty-
25 first day of December next preceding, less the unused or unabsorbed
26 portion of such premiums and premium deposits computed at the average
27 rate thereof actually paid or credited to policyholders or applied in
28 part payment of any renewal premiums or premium deposits on one-year
29 policies expiring during such year.

30 (4) Each authorized insurer shall with respect to all ocean
31 marine and foreign trade insurance contracts written within this
32 state during the preceding calendar year, on or before the first day
33 of March of each year pay to the state treasurer through the
34 commissioner's office a tax of ninety-five one-hundredths of one
35 percent on its gross underwriting profit. Such gross underwriting
36 profit shall be ascertained by deducting from the net premiums (i.e.,
37 gross premiums less all return premiums and premiums for reinsurance)
38 on such ocean marine and foreign trade insurance contracts the net
39 losses paid (i.e., gross losses paid less salvage and recoveries on
40 reinsurance ceded) during such calendar year under such contracts. In

1 the case of insurers issuing participating contracts, such gross
2 underwriting profit shall not include, for computation of the tax
3 prescribed by this subsection, the amounts refunded, or paid as
4 participation dividends, by such insurers to the holders of such
5 contracts.

6 (5) The state does hereby preempt the field of imposing excise or
7 privilege taxes upon insurers or their appointed insurance producers,
8 other than title insurers, and no county, city, town or other
9 municipal subdivision shall have the right to impose any such taxes
10 upon such insurers or these insurance producers.

11 (6) If an authorized insurer collects or receives any such
12 premiums on account of policies in force in this state which were
13 originally issued by another insurer and which other insurer is not
14 authorized to transact insurance in this state on its own account,
15 such collecting insurer shall be liable for and shall pay the tax on
16 such premiums.

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