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**HOUSE BILL 2330**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representatives Reeves, Ryu, Timmons, Reed, Springer, and Ramel

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

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

**I. Consumer Transparency and Reporting Requirements**

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

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

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

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

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

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

(e) "Wildfire risk model" means any tool, instrumentality, means or product, including but not limited to a map-based tool, a computer-based tool, or a simulation, that is used by an insurer, in whole or in part, to measure or assess the wildfire risk associated with a residential or commercial structure for purposes of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Data required to be provided for the purpose of complying with the reporting requirements in this section is confidential by law and privileged and is not subject to public disclosure under chapter 42.56 RCW unless cited by the commissioner in connection with an agency action as defined in RCW 34.05.010(3). Nothing in this section prohibits the commissioner from preparing and publishing reports, analyses, or other documents using the data received under this section so long as the data is in aggregate form and does not permit the identification of information related to individual companies. Data in the aggregate form are deemed open records available for public inspection. Nothing in the section affects, limits, or amends the commissioner's authority under chapter 48.37 RCW.

**II. Consumer Mitigation and Protection**

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

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

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

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

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

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

NEW SECTION. **Sec.**  PROGRAM ESTABLISHED—PURPOSE—PERMITTED ACTIVITIES. The strengthen Washington homes program is hereby established within the office of the insurance commissioner. The purpose of the program is to provide grants to Washington homeowners to either retrofit residential property to resist loss due to wildfire, or evaluate whether residential property meets wildfire mitigation standards, including the wildfire prepared home standards, or both.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Beginning December 1, 2025, and by December 1st each year thereafter, the commissioner shall annually report to the appropriate committees of the legislature on any credits or discounts provided under this chapter and reported to the commissioner under section 1 of this act. The commissioner's report must include details concerning the use of credits and discounts and the types of wildfire risk mitigation qualifying for a credit or discount.

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

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

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

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

(c) Beginning on July 1, 2026, and July 1st each year after, the state treasurer shall deposit $5,000,000 in moneys collected for premium taxes pursuant to this section into the strengthen Washington homes account created in section 9 of this act. Beginning July 1, 2026, the amount deposited under this subsection must be adjusted by the most current seasonally adjusted index of the consumer price index for all urban consumers as published by the bureau of labor statistics of the United States department of labor.

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

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

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

(4) Each authorized insurer shall with respect to all ocean marine and foreign trade insurance contracts written within this state during the preceding calendar year, on or before the first day of March of each year pay to the state treasurer through the commissioner's office a tax of ninety-five one-hundredths of one percent on its gross underwriting profit. Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such ocean marine and foreign trade insurance contracts the net losses paid (i.e., gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include, for computation of the tax prescribed by this subsection, the amounts refunded, or paid as participation dividends, by such insurers to the holders of such contracts.

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

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

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