

SENATE BILL REPORT

SHB 2329

As Passed Senate, February 27, 2024

Title: An act relating to conducting a study of the insurance market for housing providers receiving housing trust fund resources.

Brief Description: Conducting a study of the insurance market for housing providers receiving housing trust fund resources.

Sponsors: House Committee on Consumer Protection & Business (originally sponsored by Representatives Macri, Peterson, Alvarado, Chopp, Bateman, Pollet, Reed and Ramel).

Brief History: Passed House: 2/13/24, 96-0.

Committee Activity: Business, Financial Services, Gaming & Trade: 2/20/24, 2/20/24 [DP].

Floor Activity: Passed Senate: 2/27/24, 48-0.

Brief Summary of Bill

- Requires the Office of the Insurance Commissioner to conduct a study of property and liability coverages available to housing providers receiving housing fund trust resources and serving extremely low-income households.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Majority Report: Do pass.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

Staff: Kellee Gunn (786-7429)

Background: Housing Trust Fund. Washington State's Housing Trust Fund provides

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

funding to help build and preserve affordable housing units across the state through loans or grants.

Affordable Housing for Low Income Households. When occupied by low-income households, rent for affordable residential housing is limited to no more than 30 percent of the household's income per month. Low-income households are those with an adjusted income of less than 80 percent of the median family income of the county where the project is located.

State law defines extremely low-income households as households whose adjusted income is at or below 30 percent of the median household income for the county where the household is located.

Summary of Bill: Study on Property and Casualty Insurance Coverage for Housing Trust Fund Providers and Others. The Office of the Insurance Commissioner (OIC) shall conduct a study of property and liability coverages available to housing providers receiving housing fund trust resources and serving extremely low-income households. In conducting the study, the OIC shall consult with:

- housing providers receiving housing trust resources under the Housing Trust Fund and serving extremely low-income households;
- authorized insurers;
- unauthorized insurers—surplus lines carriers;
- providers of nonprofit insurance services;
- risk sharing pools for public housing authorities and nongovernmental owners of affordable housing properties;
- risk retention groups;
- relevant associations groups including the surplus lines association of Washington; and
- other relevant state agencies including the Department of Enterprise Services, the Office of Risk Management, and the Department of Commerce.

Additionally, the OIC must:

- collect certain information from entities transacting insurance with housing providers;
- obtain data from the previous five years on the number and types of policies in effect, whether and why policies were nonrenewed or canceled, claims activity, and premiums and deductibles; and
- investigate and request any other relevant information that may assist the commissioner with analyzing the availability of property and liability coverages for housing providers and any other trends that may affect market availability.

Report. A report and its findings are due to the appropriate committees of the legislature by December 31, 2024. The report must make recommendations on potential policy and budget options, including considerations regarding the development of a single-state or multi-state high-risk sharing pool and potential policy and budget options to address reinsurance

market volatility.

The OIC may contract with a vendor to conduct actuarial analysis if necessary to facilitate the development of recommendations concerning high-risk sharing pools.

Confidentiality. Data requested by the OIC is confidential by law and privileged and not subject to public disclosure. Data may be published in reports and other documents if it is in the aggregate.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is a necessary bill and cannot be a budget proviso. There are the property and liability issues for low-income housing providers. There are issues in the P&C residential market across the board. There are many low-income housing providers that are losing coverage, or the premiums are untenable. We have low-income housing in every community, and we need these properties to be insured. This will give OIC the statutory authority to inquire to insurers that are not currently regulated by them and provides coverage to insure that confidentiality.

The Legislature has made large investments in the homelessness crisis. These investments have been driven out to the community, but the community is now seeing problems with the insurance they need to provide these services. Folks can't operate without insurance; they can't leave their property open to liabilities. There is a high-risk pool for housing authorities, between our state and California. We have seen this model work, and this study will give us the information we need to make this opportunity possible to other providers. CHS owns and operates 50 buildings, all are affordable housing. This bill will protect this affordable housing. We have had enormous and unsustainable increases in our insurance premiums—of over 300 percent. Our deductible is now \$500,000 for one property. Whether it is a forgotten pot on the stove, or rat-chewed water issues. Our agency does not have the funds to keep up with these insurance costs. This bill will protect these precious assets from our most vulnerable.

Persons Testifying: PRO: Representative Nicole Macri, Prime Sponsor; Flo Beaumon, Catholic Housing Services; Melanie Smith, Seattle / King County Coalition on Homelessness.

Persons Signed In To Testify But Not Testifying: No one.