

HOUSE BILL REPORT

HB 1793

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to reports of fire losses.

Brief Description: Modifying reports of fire losses.

Sponsors: Representatives Griffey, Bronoske, Wylie, Rule, Ramel, Ormsby, Bernbaum, Salahuddin, Reed, Pollet, Macri, Hill and Scott; by request of Insurance Commissioner.

Brief History:

Committee Activity:

Consumer Protection & Business: 2/12/25, 2/19/25 [DPS].

Brief Summary of Substitute Bill

- Modifies fire loss reporting requirements for insurers, including fire losses due to known or suspected criminal activity.
- Requires that fire loss reports be made directly to the Office of the Insurance Commissioner rather than to the Chief of the Washington State Patrol.
- Declares information submitted from fire loss reports to be confidential and privileged and not subject to public disclosure.
- Provides insurers with civil immunity from actions or suits arising from information submitted in fire loss reports.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Walen, Chair; McClintock, Ranking Minority Member; Berry, Donaghy, Fosse, Kloba, Morgan, Reeves, Ryu, Santos, Steele and Volz.

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.

Minority Report: Without recommendation. Signed by 3 members: Representatives Dufault, Assistant Ranking Minority Member; Abbarno and Corry.

Staff: Megan Mulvihill (786-7304).

Background:

An authorized insurer is an insurer transacting insurance through a certificate of authority issued by the Office of the Insurance Commissioner (OIC). Each authorized insurer must promptly report to the Washington State Patrol (WSP) Chief each fire loss of property in Washington that is reported to the insurer and whether the loss is due to criminal activity or undetermined causes, as well as claims paid by the insurer for loss or damage by fire in this state.

If the insurer has reason to believe that a fire loss reported to the insurer may be of other-than-accidental cause, the insurer must include in the report to the WSP Chief any and all relevant material developed from the insurer's inquiry into the fire loss. Copies of such reports must be promptly transmitted to the OIC.

Summary of Substitute Bill:

Within 90 days of closing a claim or any non-de minimis subsequent adjustment or further investigation related to fire loss or damage, an authorized insurer must report the fire loss to the OIC, rather than to the Chief of the WSP. The reported information must include:

- the zip code of the property;
- the date of loss;
- the amount that the insurer paid on each coverage;
- the known or suspected origin and cause of the loss or damage if determined, including whether the loss is due to criminal activity or undetermined causes; and
- the insurer's National Association of Insurance Commissioners (NAIC) number.

Whenever an insurer knows or suspects that a fire loss or damage may be due to criminal activity, the insurer must immediately report to the local or tribal law enforcement agency and the OIC the details of the loss or damage and the basis for the insurer's knowledge or suspicion that the fire loss may be due to criminal activity. Upon request, the insurer must provide a complete copy of any full or partial investigation of the claim or loss. The receiving local or tribal law enforcement agency must share such information and coordinate with the responsible fire department chief, county fire marshal, or other designated fire official.

Unless actual malice is shown, an insurer is immune from civil liability for reporting fire loss due to known or suspected criminal activity or for cooperating with a duly issued subpoena for a criminal investigation or prosecution.

Documents, materials, reports, data, investigations, and other information relating to fire loss reports and known or suspected criminal activity reports are confidential and privileged, not subject to public disclosure, and not subject to a civil matter subpoena directed to the Insurance Commissioner or any person who processes such information. The Insurance Commissioner, OIC staff, or anyone receiving or processing such information may not testify in any private civil action concerning such information. Such persons may cooperate with subpoenas for documents or testimony in criminal matters.

The OIC may share such information with:

- the NAIC and its affiliates and subsidiaries;
- regulatory, law enforcement, and prosecutorial officials of other states and nations, the federal government, tribal governments, and international authorities;
- agencies of this state;
- rating bureaus;
- the State Fire Marshal's office; and
- local or tribal law enforcement officials, prosecutors, fire chiefs, or fire marshals in this state.

The OIC must require a recipient of information to maintain the confidentiality and privileged status of the information, with the following exceptions:

- The State Fire Marshal's office may use the shared information for wildfire and resiliency planning purposes, so long as it does not publicly disclose information that contains personally identifiable information about properties, property owners, policyholders, losses, claimants, or claims.
- Rating bureaus may use the shared information to analyze and inform rating classifications, so long as they do not publicly disclose, other than to rating subscribers, information that contains personally identifiable information about property owners, policyholders, losses, claimants, claims, or properties, other than aggregated by zip code or fire district boundary.
- Local or tribal law enforcement officials, prosecutors, and fire chiefs in this state may use the shared information for public safety planning purposes, so long as they do not publicly disclose information that contains personally identifiable information about properties, property owners, policyholders, losses, claimants, or claims, other than aggregated by zip code.
- Local, tribal, state, or federal law enforcement officials, prosecutors, fire chiefs, and fire marshals in this state and limited-authority peace officers employed by the OIC may use the shared information to investigate and prosecute crime. In so doing, they may release information as is necessary for investigative and prosecutorial purposes to comply with all due process rights of criminally accused individuals and to comply with public records obligations applicable to criminal investigations or prosecutions.

Data, information, and documents obtained from an insurer, or by or from the OIC, relating to fire loss reports and known or suspected criminal activity reports are exempt from public

disclosure under the Public Records Act.

The fire loss reporting requirements may not be enforced against an insurer until one year after rules implementing the requirements are adopted by the Insurance Commissioner.

Substitute Bill Compared to Original Bill:

A number of changes are made to the fire loss reporting requirements. The reporting timeframe for insurers is extended from 30 days to 90 days, a non-de minimis standard for subsequent adjustments or further investigations is added, and insurers are allowed to report fire loss information via a third-party vendor. Fire loss reports need to include an insurer's NAIC number and the zip code of the property, versus the property's address. Fraud and bad faith are removed from the exceptions for when an insurer has civil immunity relating to information reported in the fire loss report, so that unless an insurer shows actual malice, the insurer has civil immunity. Fire marshals are added to the list of entities that can receive information from the OIC related to fire loss, and insurers do not have to be compliant with the fire loss reporting requirements until one year after the OIC adopts rules implementing the fire loss reporting requirements.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The bill creates a central repository for fire loss information. Fire departments care about a central depository for fire loss because fire departments receive a score card, rated from 1 to 10, about their ability to manage and mitigate loss. That score directly affects the rate setting that insurance companies use in determining what homeowners pay for their insurance premium. The OIC is the best repository of this data, not the WSP. These statutes have been in place since 1947, but the data is not always reported or requested by the state fire marshal's office. It is very common for state insurance regulators to report loss data, especially related to fire. This data collection enables the state to analyze the impact of not just in-home fires, but also wildfires, on the insurance market and to implement the appropriate regulatory measures. The data also gives a tool to help promote fire districts and what they can do in lessening fire loss. Some insurance companies use fire loss data versus the Washington Surveying and Rating Bureau (WSRB), which can result in lower insurance premiums. By sharing the data, everyone has access to the same information to promote a better rating system that is more economical. This will provide the WSRB with more actionable data when they set fire insurance ratings for fire

departments.

(Opposed) None.

(Other) The OIC is the correct place for a repository. However, the scope of the bill should be narrowed as there is a breadth of information required to be collected. Right now the legislation has a catch-all that is open ended. The insurers want to ensure that they are only collecting data that is needed. Insurers care about protecting the data as well, and it is good that the data is not subject to public disclosure. There needs to be an effective date that gives insurance companies time to become compliant and put systems in place, perhaps a year after rulemaking. In addition, the timeframe for submitting data probably needs to be 90 days.

Persons Testifying: (In support) Representative Dan Griffey, prime sponsor; Mike Bucy, Stevens County Fire Protection District 1; Bryon Welch, Office of the Insurance Commissioner; and David Forte, Office of the Insurance Commissioner.

(Other) Jean Leonard, WA Insurers.

Persons Signed In To Testify But Not Testifying: None.