

IIABW Legislative Preview
By Bill Stauffacher, IIABW Lobbyist

Washington State's 2022 60-day legislative session convenes on January 10, meeting virtually for the foreseeable future. Legislative Democrats, who have progressive majorities in the House and Senate, have a stunning budget surplus to work with – but they are also facing some challenging policy dilemmas that are likely to be top-of-mind topics for voters during the November elections.

Lawmakers enjoy an extraordinary financial situation. With exceptionally stronger-than-expected tax revenues since passing the state's two-year \$59 billion budget last April, lawmakers have plenty of taxpayers' dollars to work with. Additionally, the state has roughly another \$1 billion available from the federal government's Build Back Better program. But lawmakers must wrestle with numerous issues ranging from continuing efforts to battle Covid, revisiting police reforms made last session, addressing the state's transportation infrastructure needs, protecting water quality for salmon, investing in efforts to address homelessness, and grappling with housing affordability.

Third-term Governor Jay Inslee proposed a \$62 billion supplemental budget. Inslee focused his plan on proposed spending increases on climate, salmon recovery and homelessness. Inslee also proposed putting half of the available federal dollars into the state's transportation budget to keep several major highway projects on schedule.

Long-Term Care Insurance

Perhaps the most significant policy and political issue with the public is how lawmakers address the Washington CARES Act, the state's new long-term care program that's funded through a 0.58% payroll tax that will give individuals \$36,500 in long-term care benefits. Employers are slated to begin collecting the tax on January 1 on people who did not opt out of the program last November. Only people who were able to purchase long-term care coverage in private markets could opt out.

Legislative Democrats have proposed legislation that delays collection of the tax for 18 months and provides exemptions for out-of-state residents who work in Washington, partners of active military members and people who are near retirement. Republicans will offer legislation to repeal the program altogether, though they are unlikely to succeed.

Credit Scoring

Last summer, lawmakers received thousands of calls from consumers complaining about significant increases in their home and auto insurance premiums due to the OIC's ban on the use of credit in home and auto rating and underwriting. In response, lawmakers are poised to act this session.

The Senate Business, Financial Services and Trade Committee held a public hearing on SB 5623. This legislation makes a simple but significant change to the state's law governing credit use for P&C policies. SB 5623 allows insurers to use credit for new business only but not for existing business unless the consumer asks and the outcome leads to a lower premium. Additionally, the bill, if passed, effectively handcuffs the OIC from implementing a credit ban.

IIABW is supporting this approach and IIABW-member agents testified in support of the measure at the hearing. Also, during meetings with elected officials, legislators have been exceptionally responsive to the insights of insurance agents and impressed with agents' advocacy for insurance consumers.