



## REVISED RCW 4.24.314 QUESTIONS AND ANSWERS

### **What are the goals of revising RCW 4.24.314?**

Fire personnel safeguard the health and safety of victims, minimize environmental damage from hazardous chemicals and secure the accident scene. This important activity requires the deployment of personnel, equipment, and consumables, all of which must be funded from a department's limited operating budget.

Washington state law (RCW 4.24.314) allows a fire department to bill liable parties for these expenses. As it is currently written today, the law is narrowly-focused on reimbursements for incidents involving the transportation of hazardous materials. A goal of the rewrite is to broaden the law to include motor vehicle accidents and other more common incidents. In this way, it will be easier for fire service agencies to recoup funds from the liable party, thereby easing the tax burden on residents to pay for incident response services.

Another goal of the rewrite is to provide assurance to insurance companies that claims for cost recovery are fair, auditable and consistent.

Finally, taxpayer dollars fund fire department readiness; that is, all of the personnel, equipment and consumable costs associated with being ready at a moment's notice to take an emergency call. When that call comes in and the fire department moves from readiness to response, the liable party causing the incident should be responsible for the response costs, especially if they are carrying insurance. That is another goal of the revision: to move response costs from taxpayers to liable parties who cause the incident.

### **Does this add new regulations or procedures?**

No. The revisions seek to clarify a process that is already in place; namely, that at-fault parties continue to pay the cost of a fire department's response to an incident. In most cases, these costs are already covered by the liable party's insurance policy and many insurance firms are paying claims as an ordinary course of business because they have incident response coverage built into their policy. The revisions offered clarify which costs are covered and that the liable party is responsible for incident response expenses.

### **What kinds of incidents are covered?**

While the revised RCW still references the transportation of hazardous materials, it now includes any incident that requires a municipal fire department or fire district response.



**Will insurance companies object to the revisions?**

In order to operate a motor vehicle, drivers must have liability insurance, as mandated by law. Similarly, property and building ownership carries a similar mandate to carry liability insurance. As such, if the party who is carrying the policy causes an incident requiring fire department response (e.g., hazardous waste spill, motor vehicle accident, commercial fire), they have insurance that will cover the fire department's costs, rather than burden the taxpayer.

Many insurance policies already contain provisions that allow for fire department reimbursement of service and supply expenses. However, the process of submitting and paying such claims is a relatively new practice. As such, some insurance companies are not familiar with the standard policy reimbursement provision and sometimes erroneously deny reimbursement. Rewriting the RCW will clarify that claims for equipment, personnel and supplies are lawful and clarify that insurance companies can pay claims according to the standard language that their policies may contain.

**What safeguards are there for the insurance industry?**

The revised language states that the amount of a claim shall not exceed the liability limit in the at-fault party's insurance policy, except in cases where extraordinary costs are incurred by the fire department. Also, the revised language states that all claim costs will be based on a publicly-available rate table, claims costs will be auditable and verifiable and claim processing shall be based on consistently-applied billing methodologies and practices.

**Does the revised RCW cover just extraordinary expenses?**

The current RCW language seeks reimbursement of extraordinary costs associated with hazardous material incidents. The revised language seeks to add recovery of normal and customary expenses for all incidents where a liable party is identified.

**Don't property taxes already cover fire department costs, including incident response?**

Traditionally, taxpayer funds have been used to build fire stations, pay salaries for first responder personnel and purchase new equipment, as well as pay for the cost of responding to an incident.



However, unfunded mandates, increased requirements for specialized equipment and training and lowered taxes have strained many fire department budgets.

**How will this revision help taxpayers?**

By shifting incident response cost to the liable party, taxpayers are relieved from paying for a portion of the fire service budget.

This is especially relevant in cases where the incident is caused by an individual or company that is not a tax-paying resident in the fire department's service area. If the fire department must respond, the liable party should be responsible for paying the expenses, not the local taxpayer.

**Is there a minimum amount for a claim?**

Yes. The revised RCW contains a provision to affix a minimum \$250.00 preparedness and response cost to any claim. This cost offsets education and training of department personnel, equipment cleaning and wear-and-tear, fuel consumption and other incident response costs.

**Who supports this bill?**

While the bill is still in its early stages of drafting, it has already received expressions of interest from the Washington Fire Chiefs Association and the Washington State Office of the Insurance Commissioner.

**Isn't this double taxation?**

No. Double taxation occurs when a person or entity is taxed, and through another means is charged again for the same service. With this revised RCW, the cost for incident response will shift from the taxpayer to the liable party, all of whom already pay for insurance policies that provide for reimbursement of expenses if they cause an incident. The RCW merely seeks to enforce a policy already in place; namely, that claims submitted by fire departments to an at-fault party's insurance company are lawful.

**Will this RCW revision raise insurance rates?**

No. Insurance companies are already paying claims for incident response and it has not had an appreciable impact on insurance rates.