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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 02/26/09  
**LAST UPDATED** 03/16/09    **HB** 681/aHBIC

**SPONSOR** Cook

**SHORT TITLE** Limited Insurance Agent Sales    **SB** \_\_\_\_\_

**ANALYST** Lucero

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		Minimal			Nonrecurring	General Fund and Insurance Operations Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of HBIC Amendment

House Business and Industry Committee (HBIC) amendment to House Bill 681 deletes “purchaser” from customarily being required offered limited line insurance. The amendment also replaces “accident and health” with “disability in reference to the types of agency licenses covered under the bill.

#### Synopsis of Original Bill

House Bill 681 proposes to amend Section 59A-12-18 NMSA 1978, the Insurance Code, to expand the list of limited agent insurance licenses to include credit life, credit accident and health, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage accident and health, guaranteed automobile protection insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing the credit obligation that the superintendent determines should be a designated form of limited line credit insurance.

### FISCAL IMPLICATIONS

Implementing the directives contained in this bill would have a minimal administrative impact including staff time and appropriate supporting resources to update statutes and policy. Additionally, agents with less training selling more insurance types could generate more customer complaints.

**SIGNIFICANT ISSUES**

According to the Superintendent of Insurance, unlike regular insurance agents, individuals with a limited insurance agent’s license are not required to receive any training in insurance. This shifts more of the burden of understanding the terms, conditions and limitations of a credit insurance contract directly onto the consumer, who is often not familiar with the details of insurance.

**ADMINISTRATIVE IMPLICATIONS**

The Insurance Division will see an increase in the number of limited insurance agent applications.

**TECHNICAL ISSUES**

The term “limited line credit insurance” which appears on line 10 of page 2 is not defined.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Individuals selling the growing number of types of credit-related insurance will continue to be required to obtain the training required for regular insurance agents.

DL/svb