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## FISCAL IMPACT REPORT

ORIGINAL DATE 02/27/09

SPONSOR Leavell LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Examination of Insurers SB 253

ANALYST Lucero

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	(\$180.0)	(\$180.0)	Recurring	Insurance Operations

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of Bill

SB 253 proposes the following changes to the Insurance Code (NMSA 1978, Chapter 59A):

- Section 1 (59A-4-5) ensures that the initial examination of insurers, which is required by the Insurance Code and performed by the Insurance Division, must be completed prior to issuance of certificate of authority to the insurer.
- Section 2 (59A-4-6) eliminates references to obsolete provisions of the Insurance Code.
- Section 3 (59A-4-15) adopts a thirty-day deadline for filing of requests for hearings before the Superintendent based on acts, threatened acts, or failures to act by the Superintendent.
- Section 4 (59A-6-1) adopts a clear provision for the assessment of a \$30 fee for the appointment of an insurance agent by insurance agencies.
- Section 5 (59A-10-5) amends the requirement that the depository institution, which receives and holds deposits from insurers and required by the Insurance Code, to be domiciled in the state. Instead, the institution would be required to have trust powers and offices located in the state.
- Section 6 (59A-14-1) eliminates language that limits the scope of the exemptions for Article 14 to instances where the insurance is placed by licensed general lines agents or surplus lines brokers.

- Section 7 (59A-14-7) removes requirement that surplus line brokers must be licensed as an insurance agent,
- Section 8 (59A-17-34) adopts a thirty-day deadline for the filing of requests of review by the Public Regulation Commission of Superintendent's acts, threatened acts, or failures to act under Article 17 of the Insurance Code.

### **FISCAL IMPLICATIONS**

The Insurance Division currently collects fees for the appointment of agents by agencies on a per line of insurance basis. This bill would change how the division collects fees to instead collect on a per agent basis. The amendment of 59A-6-1 will most likely result in a reduction in fees paid by insurance agents and agencies, because the fees will no longer be charged per line of insurance and will be charged on an individual basis.

### **SIGNIFICANT ISSUES**

For the purpose of determining financial condition, fulfillment of contractual obligations, methods of doing business, treatment accorded policy holder, the Superintendent of Insurance is authorized to examine the affairs of each insurer doing business in New Mexico. This bill ensures that an initial examination must be completed prior to the issuance of a certificate of authority to the insurer.

### **ADMINISTRATIVE IMPLICATIONS**

This bill clarifies provisions of the Insurance Code to improve the efficiency of Insurance Division operations.

DL/mc