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FISCAL IMPACT REPORT

SPONSOR: Park DATE TYPED: 03/16/03 HB 44/aHBIC/aHJC/aSCORC/SJC
 SHORT TITLE: Insurance Policy in English and Spanish SB _____
 ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Legislative Finance Committee files

Responses Received From
Public Regulation Commission

SUMMARY

Synopsis of SJC Amendment

The Senate Judiciary Committee (SJC) amendment makes two clarifications to the SCORC amendment. The first revision adds commercial “surplus lines insurance” under the list of exempt insurance plans required to provide policy declaration pages in both English and Spanish. The second revision corrects the language from the word “declarant” to “declarations” page. Declarant has a specific meaning, that is a person who has signed a declaration of intention of becoming a U.S. citizen.

Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee (SCORC) amendment to House Bill 44 rewrites language that provides for the English and Spanish language requirement to all insurance contracts, except workers’ compensation, commercial multiple peril, or commercial general liability insurance policies. The amendment also adds the following language as a disclaimer, “The provisions provided in Spanish shall not govern the rights and responsibilities of the parties but are provided for information only.”

Synopsis of HJC Amendment

The House Judiciary Committee (HJC) amendment to House Bill 44 strikes the HBIC amendment and clarifies which declaration page is required to be provided to consumers in both Spanish and English. According to the PRC, policy declaration pages are classified differently among insurance product lines. This amendment ensures that English/Spanish language issue applies to these different product lines. The amendment further pushes back the effective date to January 1, 2004.

Synopsis of HBIC Amendment

The House Business and Industry Committee (HBIC) amendment to House Bill 44 adds language that requires insurance companies to provide an English or Spanish version of the policy declaration page, only if requested by the client.

Synopsis of Original Bill

House Bill 44 amends the New Mexico Insurance Code to require insurance policy declarations be written in both English and Spanish languages.

Significant Issues

Several state agencies provide insurance contracts to retirees, public school or higher education employees, and state employees. However, the state is self insured and may be exempt from the Insurance Code. HB 44 does not address this issue.

FISCAL IMPLICATIONS

HB 44 does not carry an appropriation. Enactment of the bill could have a minor administrative or fiscal impact on the Insurance Division of the Public Regulation Commission as a result of insurance companies submitting its revised policy declaration provisions. Although, the division likely would be able to absorb this minor increased workload with its existing resources.

TECHNICAL ISSUES

PRC reports the following technical issues: 1) which portion of the contracts are involved and 2) should both commercial and personal lines be included. First, the bill as drafted requires the “policy declaration provisions” be written in both English and Spanish. While the term policy declarations has meaning in property and casualty insurance contracts, these contracts usually contain a policy declaration page, not policy declaration provisions. Life insurance, health insurance and annuity contracts use different terms to refer to this page. Most contracts have a page with basic data concerning the coverage. Second, the bill as drafted would place this dual language requirement on contracts issued to both individuals and corporations.

POSSIBLE QUESTIONS

Would state agencies, who provide insurance contracts to retirees or state employees, be required to comply with this law ?

MFV/prr