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FISCAL IMPACT REPORT

SPONSOR: Leavell DATE TYPED: 02/17/03 HB _____

SHORT TITLE: Commercial Vehicle Insurance Info MVD SB 559

ANALYST: Hayes

APPROPRIATION

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

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

Section 66-5-205.1 NMSA 1978 regarding motor vehicle insurance currently reads that the Taxation and Revenue Department secretary shall adopt and promulgate rules requiring insurance carriers to report canceled, terminated and newly-issued motor vehicle insurance policies each month to the department. Senate Bill 559 amends sub-section (D) to state that in the case of commercial vehicles, the insurer may report at the policy level or at the vehicle level.

In addition, a new sub-section (E) defines a “commercial vehicle policy” as one that:

- Covers five or more motor vehicles
- Insures a motor vehicle rated or insured as a business or commercial vehicle
- Insures a motor vehicle licensed by the state as a commercial vehicle
- Covers a motor vehicle issued to a named insured who is not a natural person

Significant Issues

1. At the “policy level,” the insurer reports only the insurance policy number or the federal employer identification. At the “vehicle level,” the insurer reports the insurance policy

number and either the vehicle identification number (VIN) or the federal employer identification number.

2. In December 2002, the Motor Vehicle Division implemented a database system which allows MVD to better track insured and uninsured motorists in New Mexico. By providing alternative methods for an insurance company to report that a policy has been cancelled on a commercial vehicle will require extensive modifications to that system.
3. SB 559 would allow an insurance company to report merely that the insurance has lapsed on a vehicle and would identify the vehicle by a single number. The limited amount of information required to be reported by this bill may be insufficient to enable MVD to identify the vehicle.
4. The Public Regulation Commission is responsible for setting insurance requirements for commercial vehicles and is notified by insurance companies as to carrier insurance status.

ADMINISTRATIVE IMPLICATIONS

According to TRD, the commercial vehicle section of the Taxation and Revenue Department will need to involve Lockheed, Affiliated Computer Systems (ACS) to make extensive changes to the existing system if this bill is enacted. Daily updates and file information will need to be exchanged between MVD and all insurer carriers pertaining to commercial vehicle companies. To do so will require enhancements to current computer applications, including mainframe and web applications, analysis, design, coding, testing, documentation and implementation. TRD estimates that it will cost approximately \$20,300 to make system modifications if SB 559 is enacted.

POSSIBLE QUESTIONS

1. Why is this legislation proposing that motor vehicles insured under a commercial vehicle policy need to report less information than currently required?
2. How does this bill conflict or complement Public Regulation Commission requirements for commercial vehicles?

CMH/sb