

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR HBPAC DATE TYPED 2/18/05 HB 359/HCPACS

SHORT TITLE Insurance Policies in English & Spanish SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			See Narrative		

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)

Workers' Compensation Administration (WCA)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of HCPAC S

The House Consumer and Public Affairs Committee Substitute for House Bill 359 clarifies the bill.

Synopsis of Original Bill

House Bill 359 requires that insurance contracts which are issued or renewed after January 1, 2006 be provided in both the English and Spanish languages if requested by the insured. The Spanish provisions are for information only and do not govern the rights of the parties.

Significant Issues

The AGO believes the language of the bill is confusing in that the exceptions to the bilingual requirement appear to exclude the policy declaration or equivalent pages attached to insurance contracts from the requirement.

The PRC provided the following:

New Mexico is culturally unique and unlike any other state in the union. Approximately 40% of New Mexico's population is Hispanic, which makes the utilization of the term "minority" a misnomer.

As such, the Insurance Division (ID) fully supports any effort to assist this large population in overcoming economic and language barriers. The availability of declaration pages in certain property & casualty insurance contracts will assist Hispanics in understanding the terms of coverage that they pay for regularly in premiums. In addition to consumer protection, HB 359 will also improve the financial literacy of this population.

FISCAL IMPLICATIONS

The ID does not foresee any significant fiscal implications to the ID associated with HB 359. There may be certain costs associated with the issuance and mailing of a bulletin and a possible rule making if necessary.

ADMINISTRATIVE IMPLICATIONS

The administrative implications associated with this bill will be minimal for the ID. The ID will issue a Bulletin to the affected property and casualty insurance companies notifying them of the requirements of HB 359.

The ID's form and rate review, examination and other appropriate staff will be notified of the new requirements, as well as insurance complaint staff in the Consumer Relations Division of the PRC. The ID will conduct a review of existing rules to determine whether a rule amendment is necessary. Existing staff resources should be adequate to administer and enforce HB 359.

TECHNICAL ISSUES

The AGO suggests that Section 59A-18-17D should be rewritten to clearly state that insurance contracts, *including* policy declarations pages and their equivalents, should be in both in English and Spanish if requested, assuming that is the intent of this legislation. Then, in a separate sentence, list the exceptions.

DW/lg:yr