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FISCAL IMPACT REPORT

ORIGINAL DATE 02/21/07
 LAST UPDATED 03/05/07 **HB** 1188/aHLC/aHBIC

SPONSOR Trujillo

SHORT TITLE Insurance Licensee Training **SB** _____

ANALYST Hanika Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 993; and Section 7 of SB 350.

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Public Regulation Commission (PRC)

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry Committee Amendment clarifies a person issued a limited license to sell insurance incidental to their primary duties and for a specific purpose not be otherwise licensed under the Insurance Code.

Synopsis of HLC Amendment

The House Labor and Human Resources Committee amendment adds an emergency clause, that the Act take effect upon being signed by the Governor.

Synopsis of Original Bill

House Bill 1188 amends Section 59A-12-18 NMSA relating to Agents, Brokers and Solicitors of Insurance; provides for clarification of training responsibilities of employees for a limited licensee; and, holds the limited licensee responsible for an employee's conduct. The bill also removes a general lines agent from any oversight responsibilities toward licensees.

FISCAL IMPLICATIONS

PRC reports the number of limited licensees affected is so small that the fiscal impact should be considered zero.

SIGNIFICANT ISSUES

The bill clarifies the issuance of a limited agent's license to applicants who are retail vendors or lessors of communication equipment or services. Under current law, the license authorizes the licensee to sell insurance covering the loss, theft, mechanical failure or malfunction of or damage to the communication equipment. The bill proposes to amend training requirements and oversight by holding the licensee responsible to provide training for its employees and holds the licensee responsible for an employee's conduct. As used in the subsection, "communication equipment" means handsets, pagers, personal digital assistants, portable computers, automatic answering devices, batteries and other devices or their accessories used to originate or receive communication signals or service and includes services related to the use of such devices such as access to a network.

PERFORMANCE IMPLICATIONS

The PRC reports that this bill simplifies the procedure for limited licensing of vendors of telecommunication devices who sell insurance on the equipment. Instead of licensing each retail salesperson, the employer of the salesperson will be licensed and held accountable for training their salespeople and for any actions of the salespeople related to the sale of the insurance. Typically, the only solicitation activity is, "Do you want the insurance on your new phone?"

ADMINISTRATIVE IMPLICATIONS

Removal of unnecessary provisions of the Insurance Code will improve efficiency of Insurance Division operations.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB 993; and Section 7 of SB 350.

OTHER SUBSTANTIVE ISSUES

Under current law, limited licenses are issued to applicants employed as transportation ticket sellers by public carriers who sell insurance; and, to applicants employed by vendors of merchandise or by a financial institution making consumer loans as long as the credit life and health insurance offered is customarily required.

Under current law, an "agent" is a person appointed by an insurer authorized to transact insurance in this state, to solicit applications for insurance or annuity contracts on its behalf, to countersign insurance policies or contracts if expressly so authorized by the insurer, and to perform such other services relative to such transactions as the insurer may authorize.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Less efficient administration of the Insurance Code due to unnecessarily stringent provisions remaining in the Insurance Code.

AMENDMENTS

The duplicate SB 993 had an emergency clause amendment added in committee.

AHO/mt:csd