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FISCAL IMPACT REPORT

ORIGINAL DATE 3/16/07

SPONSOR Stewart LAST UPDATED _____ HM 80

SHORT TITLE Study Real Estate Title Insurance Industry SB _____

ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 80 requests that the Public Regulation Commission undertake a review of laws regarding title insurance in New Mexico and to make recommendations for better protection to property owners by title insurance and actions that may be taken to increase the understanding and awareness of property owners regarding title insurance.

The memorial requests that PRC report to the appropriate interim legislative committee by October 30, 2007.

SIGNIFICANT ISSUES

The PRC has undertaken an internal review of title insurance rate setting. This request might fit well with that study.

The memorial states the Legislature finds that:

- the intent of the legislature in enacting the New Mexico Title Insurance Law was, in part, that the business of title insurance be totally regulated by the state to provide for the protection of consumers and purchasers of title insurance policies;

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- the New Mexico Title Insurance Law was enacted more than twenty years ago in 1985;
- the Title Insurance Guaranty Act was enacted in 1999 by Laws 1999, Chapter 60;
- Laws 1999, Chapter 60 also amended the New Mexico Title Insurance Law by limiting the duties of title insurers only to title insurers;
- concern has arisen that a property owner's remedies arising from defects in title have been unreasonably limited by the 1999 amendment to Section 59A-30-11 NMSA 1978;
- concern has arisen that property owners may have an inadequate understanding of the benefits to purchasers of real property of title insurance policies; and
- concern has arisen about requirements of some lenders that a property owner purchase a new title insurance policy when refinancing property already owned by that property owner.

BE/mt