

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

ORIGINAL DATE 03/05/07

SPONSOR SJC LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE 6 Month Insurance Fraud Aggregation SB 6/SJCS

ANALYST Hanika Ortiz

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Awaiting a Response on the Substitute From

Attorney General's Office (AGO)  
 Administrative Office of the Courts (AOC)  
 Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of Bill

Senate Judiciary Committee substitute for Senate Bill 6 amends penalties contained in Section 59A-16-23 of the Trade Practices and Frauds Article of the Insurance code to amend the sentencing provisions for ten or more violations of loss occurring within any consecutive six-month period to a victim insurer by an agent, broker, solicitor, physician, applicant or other person for certain false or fraudulent claims and documents. The substitute does not amend sentencing provisions as defined in the bill for certain false or fraudulent statements or misrepresentations. Current statute provides that a person making certain false insurance statements, claims or documents be punishable as a felony, and there is no clear time limit on the loss.

Such loss will hold the following criminal consequences:

- 1) involving amounts \$250 or less, be punishable as a petty misdemeanor;
- 2) over \$250 but not more than \$500, be punishable as a misdemeanor;
- 3) over \$500 but not more than \$2,500, be punishable as a fourth degree felony;
- 4) over \$2,500 but not more than \$20,000, be punishable as a third degree felony;

5) over \$20,000, be punishable as a second degree felony.

**FISCAL IMPLICATIONS**

Any additional fiscal impact on the departments will be proportional to enforcement and commenced prosecutions. As penalties increase, potential imprisonment may inspire defendants to retain attorneys and demand jury trials and fewer plea bargains. The total increase or decrease in convictions is likely to be minimal and should not effect the operations of prison and probation/parole services.

**SIGNIFICANT ISSUES**

SB 6 attempts to create a more equitable application for criminal punishment administered.

**OTHER SUBSTANTIVE ISSUES**

The AGO reports in the original bill that Section 59A-1-18, is related in that it sets out the general criminal penalties for violations of the Insurance Code and states that its penalties “shall be in addition to any other penalty provided by law.”

AHO/nt