

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 3/8/2025

Check all that apply:

SB 168

Bill Number: (Substitute)

Original

Correction

Amendment

Substitute

X

Sponsor: Sen. William E. Sharer

Agency Name and Code Number: 305 – New Mexico

Department of Justice

Person Writing

Analysis: Seth C. McMillan

Short

Title: Travel Insurance Act

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
n/a	n/a	n/a	n/a

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
n/a	n/a	n/a	n/a	n/a

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	n/a	n/a	n/a	n/a	n/a	n/a

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: none

Duplicates/Relates to Appropriation in the General Appropriation Act: none

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator's request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

STBTC Substitute

Section 1 creates a new act within the Insurance Code, called the Travel Insurance Act.

Section 2 defines various terms for the purposes of the Act.

Section 3 recompiles NMSA 1978, Section 59A-12-18.1 (2013, as amended through 2016) into the Act, and removes four definitions from it.

Section 4 provides that travel insurance shall be classified and filed as an inland marine line of insurance; allows for individual, group, or blanket policies; and permits the development of eligibility and underwriting standards for travel insurance.

Section 5 contains the requirements that a combined travel protection plan must meet to be offered for sale for one price. These requirements include a clear disclosure provision and the opportunity for a consumer to obtain additional information.

Section 6 contains required practices for selling travel insurance.

Section 7 defines permissible sales practices that cannot constitute an unfair claim practice pursuant to NMSA 1978, Section 59A-16-20.

Section 8 contains requirements that a person must satisfy in order to hold him or herself out as a travel administrator for travel insurance.

Section 9 empowers the superintendent of insurance to promulgate rules to implement the Act.

Section 10 makes minor changes to the list of unfair claims practices contained in Section 59A-16-20, and defines two new types of unfair practices relating to travel insurance.

Original bill

SB 168 creates a new Act within the New Mexico Insurance Code, to be cited as the "Travel Insurance Act" (**Section 1**).

Section 2 clarifies that the Act applies to travel insurance sold or offered for sale in New Mexico and policies and certificates issued in connection with the same. The specific provisions of the Act supersede any general provisions of law otherwise found in the New Mexico Insurance Code.

Section 3 provides a lengthy and detailed definitions section including terms necessary for proper application of the act that are not otherwise of note.

“Travel insurance” is broadly defined as insurance coverage for personal risks incident to planned travel, and is distinguished from “travel assistance services,” which means services for which the consumer is not indemnified, which involve no shifting of risk, and are therefore “not insurance and are not related to insurance.” A “travel protection plan” is defined broadly as a plan that provides travel insurance, travel assistance services, or cancellation fee waivers.

A “limited lines travel insurance producer” is a licensed managing general agent, third-party administrator, or licensed insurance producer. A “travel retailer” is an entity that makes, arranges or offers planned travel and may offer and disseminate travel insurance as a service to its customers on behalf of and under the direction of a limited lines travel insurance producer. A “travel administrator” is defined, with certain exceptions, as a person who directly or indirectly underwrites, collects charges, collateral or premiums from or adjusts or settles claims on residents of New Mexico in collection with travel insurance.

Section 4 provides that the Superintendent of Insurance shall issue a limited lines travel insurance producer license to properly licensed individuals and entities that also meet application requirements, licensing said individuals and entities to sell, solicit or negotiate travel insurance through a licensed insurer.

Certain conditions apply to both the offer and dissemination of travel insurance, and to any brochures or written materials provided to customers by a travel retailer. Certain limitations also apply to a travel retailer who is not licensed as an insurance producer. Further, the limited lines travel insurance producer is responsible for the acts of the travel retailer and for ensuring compliance with the Act.

Certain exceptions also apply. Persons already licensed in any major line of authority as an insurance producer are authorized to sell, solicit and negotiate travel insurance. A property and casualty insurance producer is not required to become appointed by an insurer in order to sell, solicit or negotiate travel insurance.

Section 5 provides that a travel insurer shall pay premium tax as provided in the Insurance Premium Tax Act, NMSA 1978, Section 7-40-1, *et seq.*

Section 6 provides that “travel protection plans” (which include travel insurance, travel assistance services and cancellation waivers) may be offered for one price, so long as certain disclosures are made and certain information is provided to the consumer.

Section 7 provides that all persons offering travel insurance are subject to the Trade Practices and Frauds provisions of the New Mexico Insurance Code, NMSA 1978, Section 59A-16-1, *et seq.* In the event of a conflict between that Act and the Travel Insurance Act, the Travel Insurance Act controls. The Travel Insurance Act goes on to proscribe and prohibit certain conduct in the offering and sale of travel insurance in New Mexico.

Section 8 sets forth certain responsibilities and requirements for travel administrators.

Section 9 requires that travel insurance be classified and filed under an “inland marine” line of insurance or, under certain circumstances, under an “accident and health” line, and may be offered in the form of an individual, group, or blanket policy.

Section 10 authorizes the Superintendent of Insurance to promulgate regulations to implement the provisions of the Act.

Section 11 repeals NMSA 1978, Section 59A-12-18.1 (2013, as amended through 2016), titled “Limited lines travel insurance producer license.”

Section 12 sets an effective date of 90 days following enactment.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

N/A

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

N/A

OTHER SUBSTANTIVE ISSUES

N/A

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A