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FISCAL IMPACT REPORT

SPONSOR <u>Duhigg</u>	LAST UPDATED <u>2/4/2025</u>	ORIGINAL DATE <u>1/30/2025</u>
SHORT TITLE <u>Superintendent of Insurance Subpoenas</u>	BILL NUMBER <u>Senate Bill 124/aSRC</u>	ANALYST <u>Rodriguez</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
OSI	No fiscal impact	\$49.3 to \$74.0	\$49.3 to \$74.0	\$98.6 to \$148.0	Recurring	Other state funds

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
 Office of Superintendent of Insurance (OSI)

Agency Analysis was Solicited but Not Received From
 Administrative Office of the Courts (AOC)
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of SRC amendment to Senate Bill 124

The Senate Rules Committee amendment to Senate Bill 124 (SB124) removes the language that explicitly authorizes the superintendent to assign or transfer the authority to issue civil investigative subpoenas to staff members.

Synopsis of Senate Bill 124

SB124 amends Section 2 of the New Mexico Insurance Code (Chapter 59A NMSA 1978) to provide authority for the superintendent of insurance to issue civil investigative subpoenas prior to the issuance of a notice to show cause or notice of contemplated action. If someone fails to comply with a subpoena without a valid reason and after giving reasonable notice, the superintendent may go to the district court to request an order compelling compliance.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

SB124 could increase administrative costs for the Office of the Superintendent of Insurance (OSI) due to the increase of civil investigative subpoenas issued by the agency. The projected fiscal impact is based on increased workload associated with the issuance, management, and enforcement of subpoenas. Additional costs to the agency could include training or new technology to manage the subpoena process effectively.

SIGNIFICANT ISSUES

Currently, the superintendent can request information voluntarily from insurance providers through data calls or informal requests, but there is no formal mechanism to compel providers to submit data. This bill seeks to address that gap, which could improve the agency's ability to investigate and enforce insurance regulations effectively. OSI notes:

An increasing number of companies are refusing to respond to OSI data calls and other requests for information. Failure to voluntarily provide the requested information limits the ability of OSI to determine whether the insurers are providing the mandated insurance coverages to the residents of New Mexico or are engaging in conduct that is contrary to the Insurance Code. In addition, OSI occasionally finds it necessary to investigate entities that are engaging in the business of insurance without a certificate of authority or are selling an unapproved product or obtain information from third parties that is necessary to review the actions of regulated entities. SB124 will greatly enhance OSI's ability to obtain this crucial information from regulated entities, those entities that are acting outside of the regulatory scheme, and third parties to allow the OSI to adequately perform its regulatory functions.

Through SB124, the Superintendent will have identical powers granted to similar agencies, boards and commissions. The language of the bill mirrors the powers already granted to other agencies in the New Mexico Uniform Licensing Act.

Insurance companies often have confidentiality agreements with third parties, such as reinsurance providers. SB124 could lead to legal disputes on behalf of providers on the possible request for proprietary or sensitive information.