1	HOUSE BILL 396
2	43rd LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997
3	I NTRODUCED BY
4	EDDI E CORLEY
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10	AN ACT
11	RELATING TO WORKERS' COMPENSATION; AMENDING THE GROUP SELF-
12	INSURANCE ACT TO PERMIT PAYMENT OF INCOME TAXES FROM CLAIMS FUND
13	ACCOUNT; DECLARING AN EMERGENCY.
14	
15	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:
16	Section 1. Section 52-6-8 NMSA 1978 (being Laws 1986,
17	Chapter 22, Section 82, as amended) is amended to read:
18	"52-6-8. BOARD OF TRUSTEESMEMBERSHIP, POWERS, DUTIES AND
19	PROHIBITIONSEach group shall be operated by a board of
20	trustees that shall consist of not less than five persons whom
21	the members of a group elect for stated terms of office. At
22	least two-thirds of the trustees shall be employees, officers or
23	directors of members of the group. The group's administrator <u>or</u>
24	service company, or any owner, officer <u>or</u> employee of, or any
25	other person affiliated with, [ <del>such</del> ] <u>the</u> administrator or
	service company shall not serve on the board of trustees of the

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1 group. All trustees shall be residents of this state or 2 officers of corporations authorized to do business in this 3 state. The board of trustees of each group shall ensure that 4 all claims are paid promptly and take all necessary precautions 5 to safeguard the assets of the group, including all of the 6 following:

A. the board of trustees shall:

(1) maintain responsibility for all money 8 collected or disbursed from the group and segregate all money 9 into a claims fund account and an administrative fund account. 10 At least seventy percent of the net premium shall be placed into 11 a designated depository, to be called the "claims fund account", 12 for the sole purpose of paying claims, allocated claims 13 expenses, reinsurance or excess insurance and special fund 14 contributions, including second-injury and other loss-related 15 funds: [This shall be called the claims fund account] provided 16 that income taxes may be paid from the claims fund account at 17 the discretion of the board of trustees The remaining net 18 premium shall be placed into a designated depository, to be 19 called the "administrative fund account", for the payment of 20 taxes, general regulatory fees and assessments and 21 administrative costs. [This shall be called the administrative 22 fund account.] The director may approve an administrative fund 23 account of more than thirty percent and a claims fund account of 24 less than seventy percent only if the group shows to the 25 director's satisfaction that:

- 2 -

more than thirty percent is needed 1 (a) for an effective safety and loss-control program, or 2 the group's aggregate excess (b) 3 insurance attaches at less than seventy percent; 4 maintain minutes of its meetings and make (2) 5 [such] the minutes available to the director; 6 (3) designate an administrator to carry out the 7 policies established by the board of trustees and to provide 8 day-to-day management of the group and delineate in the written 9 minutes of its meetings the areas of authority it delegates to 10 the administrator; and 11 (4) retain an independent certified public 12 accountant to prepare the statement of financial condition 13 required by Subsection A of Section 52-6-12 NMSA 1978; and 14 **B**. the board of trustees shall not: 15 extend credit to individual members for (1)16 payment of a premium except pursuant to payment plans approved 17 by the director; or 18 (2)borrow any money from the group or in the 19 name of the group except in the ordinary course of business, 20 without first advising the director of the nature and purpose of 21 the loan and obtaining prior approval from the director." 22 EMERGENCY.--It is necessary for the public Section 2. 23 peace, health and safety that this act take effect immediately. - 3 -25

[bracketed material] = delete Underscored material = new

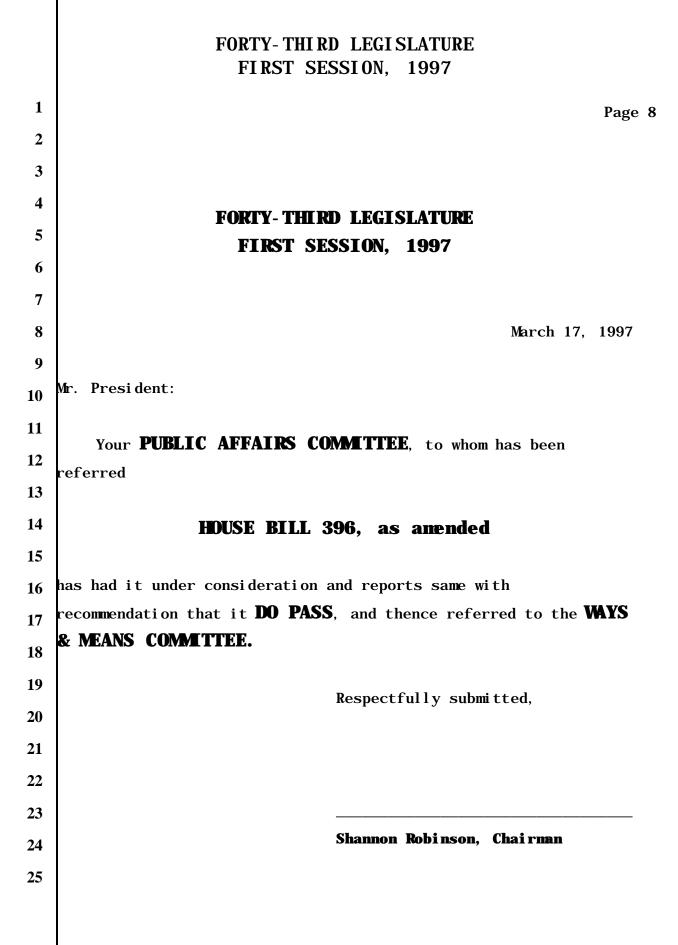
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	State of New Mexico						
	House of Representatives						
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3	FORTY- THI RD LEGI SLATURE						
4							
5	FIRST SESSION, 1997						
6							
7							
8	February 12, 1997						
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10							
11	Mr. Speaker:						
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13	Your JUDICIARY COMMITTEE, to whom has been referred						
14							
15	HOUSE BILL 396						
16	has had it under consideration and reports same with						
17	recommendation that it <b>DO PASS</b> , amended as follows:						
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19	1. On page 2, line 18, after "the" insert "actuarially						
20	determined surplus portion of the".,						
21							
22	and thence referred to the <b>APPROPRIATIONS AND FINANCE</b>						
23	COMMITTEE.						
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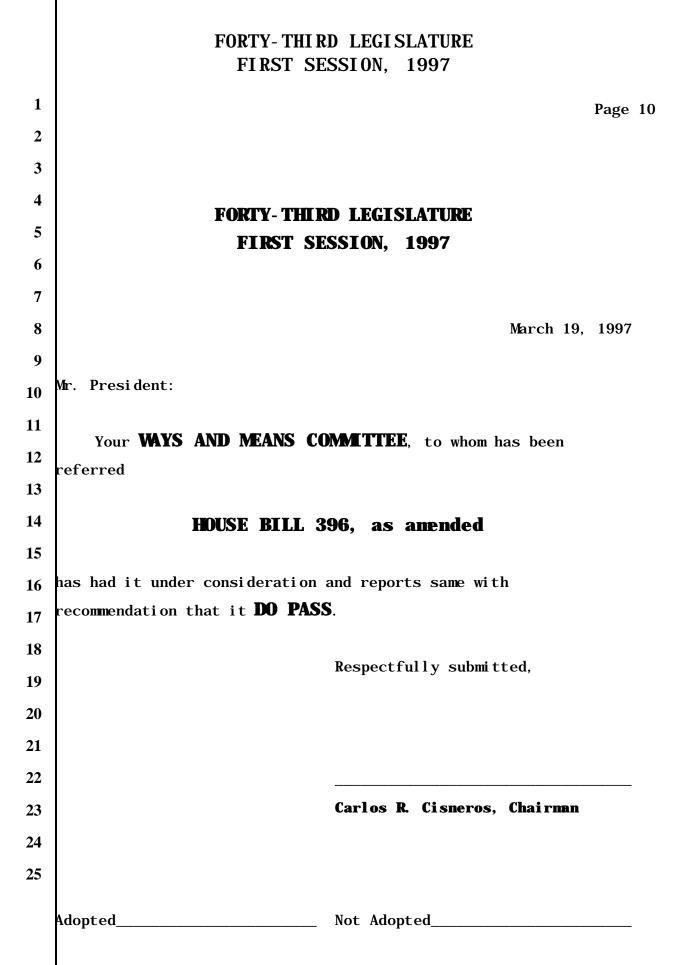
	Respectfully submitted,	
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4	Thomas P. Foy, Chairman	
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7	Adopted Not Adopted	
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9	(Chief Clerk) (Chief Clerk)	
10	Date	
11		
12	The roll call vote was <u>10</u> For <u>0</u> Against	
13	Yes: 10	
14	Excused: King, Rios, Sanchez	
15	Absent: None	
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18	. 116577. 1 M ∖H0396	
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	State of New Mexico House of Representatives					
	FORTY- THI RD LEGI SLATURE					
1	FIRST SESSION, 1997					
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3						
4	February 27, 1997					
5						
6	Mr. Speaker:					
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8 9	Your APPROPRIATIONS AND FINANCE COMMITTEE, to					
9 10	whom has been referred					
10	INVISE DILL 200 as awarded					
11	HOUSE BILL 396, as anended					
12	has had it under consideration and reports same with recommendation that it <b>DO PASS.</b>					
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16	Respectfully submitted,					
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20	Max Coll, Chairman					
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		F		HIRD LEO SESSION	GI SLATURE N, 1997		
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3		(Chief C	l erk)			(Chief Clerk)	
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5			Dat	te			
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7	The roll ca Yes:	all vote v 12	was <u>12</u> ]	for <u> 0 </u> Aga	inst		
8 9			Buffett,	Marquardt	, Saavedra,	Taylor, J.P.	
9 10		None		ł		<b>,</b>	
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		r session, 1997	
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	Date		
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The roll call vot	te was <u>5</u>	For <u>0</u> Agai nst	
les: 5			
No: 0			
Excused: Adair, 1	Boitano, Ir	ıgle, Rodarte	
Absent: 0			
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	FORTY-THIRD LEGISLATURE FIRST SESSION, 1997					
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3		(Chief Clerk)	(Chi ef	Clerk)		
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9	The roll	call vote was <u>7</u> For <u>0</u> Against				
10	Yes:	7				
11	No:	0				
12		Duran, McSorley				
13	Absent:	None				
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