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FISCAL IMPACT REPORT

SPONSOR: Stewart DATE TYPED: 03/03/01 HB 847
 SHORT TITLE: Insurance Carrier Reporting Requirements SB _____
 ANALYST: Hayes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			NFI		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)
 Public Regulation Commission (PRC)

SUMMARY

HB847 amends Section 66-5-205.1 NMSA 1978 of the Motor Vehicle Code to allow the Secretary of the Taxation and Revenue Department to promulgate rules requiring insurance carriers to notify TRD when they issue new vehicle insurance policies. Those carriers must report this information on a monthly basis.

Effective date of the provisions of this bill is July 1, 2001.

Significant Issues

Currently, TRD is allowed to promulgate rules requiring insurance carriers to notify the department on a monthly basis when vehicle insurance is canceled. This balances the information flow to the department by knowing both when insurance is obtained and when insurance is canceled, thereby improving administration of the Motor Vehicle Code and the Mandatory Financial Responsibility Act (MFRA).

Nevertheless, the issue regarding vehicle insurance still remains to be enforcement. Whether MVD receives cancellation or issuance information, very little is done to follow up on vehicle insurance by MVD to ensure that all vehicles are insured pursuant to the Mandatory Financial Responsibility Act. There is no staff devoted to this function; there are no resources to assist in this effort. For two years, MVD has proposed implementing a Mandatory Financial Responsibility Unit to specifically address “insurance compliance follow-through.” By adding a two dollars (\$2.00) to each vehicle registration,

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the money collected from those fees could be utilized to implement the unit. Without the fee and without the unit, compliance with MFRA will continue to be a problem, despite insurance carrier reporting requirements.

FISCAL IMPLICATIONS

There are no perceived fiscal implications.

RELATIONSHIP

HB476, HB117, HB196, SB60, SB230, SB438 and SB741.

CMH/njw