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FISCAL IMPACT REPORT

ORIGINAL DATE 02/13/11
 SPONSOR Leavell LAST UPDATED 03/18/11 HB _____
 SHORT TITLE Insurance Code Fees & Changes SB 198/aSf1#1
 ANALYST Lucero/Daly

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	None		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of SF1#1

The Senate Floor Amendment #1 to Senate Bill 198 clarifies that all of subsection M of section 59A-6-1 that appears on page 10 of the original bill is new material.

Synopsis of Original Bill

Senate Bill 198 provides for a variety of technical clean-ups to modernize and improve the language and provisions contained in the Insurance Code.

Section 1 (59A-4-5) ensures that the initial examination of insurers, which is required by the Insurance Code and performed by the Insurance Division, be completed prior to issuance of certificate of authority to transact insurance in the state.

Section 2 (59A-4-6) eliminates references to obsolete provisions of the Insurance Code.

Section 3 (59A-4-15) adopts a thirty-day deadline for filing a request for a hearing before the Superintendent based on acts, threatened acts, or failures to act by the Superintendent

Section 4 (59A-6-1) adopts clear provisions for applying business entity licensing fees to insurance agencies and brokerages and to the appointment of agents. Also, for ease of future

updates to the Code, eliminates multiple listings of the same fees in different sections of the Code and instead references a fee table already in statute (Section 59A-6-1 NMSA 1978).

Section 5 (59A-10-5) amends the requirement that the depository institution, which receives and holds deposits from insurers and required by the Insurance Code, be domiciled in the state. Instead, the institution would be required to have trust powers and offices located in the state.

Section 6 (59A-11-8) allows for the potential of on-line license issuance.

Section 7 (59A-11A-3) for ease of future updates to the Code, eliminates multiple listings of the same fees in different sections of the Code and instead references a fee table already in statute (Section 59A-6-1 NMSA 1978), in this case for the license fees for insurance consultants.

Section 8 (59A-13-2) provides a definition for a resident claims adjuster.

Section 9 (59A-13-9) requires resident adjusters to have a principal place of business in New Mexico.

Section 10 (59A-14-1) eliminates language that limits the scope of the exemptions for Article 14 to instances where the insurance is placed by licensed general lines agents or surplus lines brokers.

Section 11 (59A-14-7) removes requirement that surplus line brokers must be licensed as an insurance agent.

Section 12 (59A-14-14) removes the requirement that certificates evidencing surplus lines coverage contain certain items that are impractical or impossible to display on such a certificate.

Section 13 (59A-17-34) adopts a thirty-day deadline for filing a request for a hearing before the Superintendent based on acts, threatened acts, or failures to act by the Superintendent under Article 17 of the Insurance Code.

Section 14 (59A-18-1) allows certain surplus lines policy contracts to be subject to the prior approval requirements of Article 18 if so required by rule.

Section 15 (59A-20A-3) for ease of future updates to the Code, eliminates multiple listings of the same fees in different sections of the Code and instead references a fee table already in statute (Section 59A-6-1 NMSA 1978), in this case for the license fees for providers and brokers of viatical settlements

FISCAL IMPLICATIONS

None. Revenues and expenditures of the Insurance Division are not expected to change due to this bill. Although by title, the bill is making an appropriation, it is only consolidating all various references to fees throughout the Insurance Code into one section of the Code.

SIGNIFICANT ISSUES

According to the PRC:

The bill clarifies provisions of the Insurance Code to improve the efficiency of Insurance Division operations.

For the purpose of determining financial condition, fulfillment of contractual obligations, methods of doing business and the treatment of policyholders, the Superintendent of Insurance is authorized to examine the affairs of each insurer doing business in New Mexico.

This bill ensures that an initial examination must be completed prior to the issuance of a certificate of authority to transact insurance in the state.

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