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FISCAL IMPACT REPORT

ORIGINAL DATE 02/16/11

SPONSOR Boitano/Gentry LAST UPDATED 03/09/11 HB _____

SHORT TITLE Payment of Insurance Agent Commissions SB 199/aSJC

ANALYST Lucero

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of SJC Amendment

Senate Judiciary Committee Amendment broadens the reach of the bill by reference to a deceased agent or broker's "estate" instead of only referring to a "surviving spouse" or "devisee."

Synopsis of Original Bill

Senate Bill 199 amends Section 59A-12-24 NMSA 1978 of the Insurance Code to allow for compensation payments to a surviving spouse, devisee or heir upon the death of a licensed broker or agent by the insurance company. The bill also clarifies that the surviving spouse, devisee or heirs does not have to be a licensed agent to receive such compensation.

SIGNIFICANT ISSUES

According to the PRC, Section 59A-12-19 already provides authority for survivorship benefits:

- A. The superintendent may issue a temporary agent or solicitor license to an individual otherwise qualified therefor except as to taking an examination, in the following cases:
 - (1) to the surviving spouse or next of kin of a licensed agent or solicitor becoming deceased;

- (2) to the spouse, next of kin, employee or legal guardian of such an agent or solicitor disabled by sickness, injury or insanity;

TECHNICAL ISSUES

The bill could specify that the surviving spouse can only receive compensation on policies sold during the agent or brokers lifetime and/or any renewals of those policies and that any new policies sold to a deceased broker or agent's customer would not qualify.

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