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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/16

SPONSOR Steinborn LAST UPDATED _____ HM 90

SHORT TITLE Vehicle Insurance Advisory Committee SB _____

ANALYST Clark

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$2.0 - \$20.0			Nonrecurring	Insurance Operating Fund, General Fund

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of Bill

House Memorial 90 requests the Office of Superintendent of Insurance (OSI) convene a vehicle insurance advisory committee to review current vehicle insurance product terms, current or needed consumer protections within vehicle insurance product terms, and current or needed vehicle insurance product oversight procedures within OSI.

It requests the vehicle insurance advisory committee include the superintendent of insurance or the superintendent's designee, members of the public interested in vehicle insurance advocacy, and representatives of consumer advocacy organizations and the vehicle insurance industry.

It requests the advisory committee research any national policy organizations that have studied current vehicle insurance product policies and procedures and report findings and recommendations to the appropriate legislative interim committee by October 1, 2016.

FISCAL IMPLICATIONS

There would be a small operating budget impact for OSI to pay mileage and other costs

associated with the necessary meetings and research, including the potential cost to rent a conference room space for the meetings depending on the meeting locations and numbers of attendees. This is shown as an impact to the insurance operating fund and the general fund, because funding for OSI largely reverts to the general fund.

SIGNIFICANT ISSUES

The memorial notes it is in the interest of New Mexico consumers to have effective liability insurance coverage that protects their assets and financial exposure and, given the legal mandate that New Mexico drivers must possess vehicle insurance, it is important that the state ensure adequate consumer protections and review vehicle insurance products offered in New Mexico.

OSI reports much of memorial's required activity is already within the scope of existing responsibility and activity of the agency, in that forms and content of insurance policies are under constant review and adjustment by numerous consumer and industry groups. The review of these policies as they relate specifically to New Mexico is a welcome expansion of this ongoing review, however, and could significantly benefit the citizens of the state.

JC/jle