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HOUSE BILL 396

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

EDDIE CORLEY

AN ACT

RELATING TO WORKERS' COMPENSATION; AMENDING THE GROUP SELF-INSURANCE ACT TO PERMIT PAYMENT OF INCOME TAXES FROM CLAIMS FUND ACCOUNT; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 52-6-8 NMSA 1978 (being Laws 1986, Chapter 22, Section 82, as amended) is amended to read:

"52-6-8. BOARD OF TRUSTEES--MEMBERSHIP, POWERS, DUTIES AND PROHIBITIONS. --Each group shall be operated by a board of trustees that shall consist of not less than five persons whom the members of a group elect for stated terms of office. At least two-thirds of the trustees shall be employees, officers or directors of members of the group. The group's administrator or service company, or any owner, officer or employee of, or any other person affiliated with, [~~sueh~~] the 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:

7 A. the board of trustees shall:

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

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1 (a) more than thirty percent is needed
2 for an effective safety and loss-control program; or

3 (b) the group's aggregate excess
4 insurance attaches at less than seventy percent;

5 (2) maintain minutes of its meetings and make
6 [such] the minutes available to the director;

7 (3) designate an administrator to carry out the
8 policies established by the board of trustees and to provide
9 day-to-day management of the group and delineate in the written
10 minutes of its meetings the areas of authority it delegates to
11 the administrator; and

12 (4) retain an independent certified public
13 accountant to prepare the statement of financial condition
14 required by Subsection A of Section 52-6-12 NMSA 1978; and

15 B. the board of trustees shall not:

16 (1) extend credit to individual members for
17 payment of a premium except pursuant to payment plans approved
18 by the director; or

19 (2) borrow any money from the group or in the
20 name of the group except in the ordinary course of business,
21 without first advising the director of the nature and purpose of
22 the loan and obtaining prior approval from the director. "

23 Section 2. EMERGENCY. --It is necessary for the public
24 peace, health and safety that this act take effect immediately.

25 - 3 -

State of New Mexico
House of Representatives

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

February 12, 1997

Mr. Speaker:

Your JUDICIARY COMMITTEE, to whom has been referred

HOUSE BILL 396

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 2, line 18, after "the" insert "actuarially
determined surplus portion of the".,

and thence referred to the APPROPRIATIONS AND FINANCE
COMMITTEE.

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Respectfully submitted,

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Thomas P. Foy, Chairman

Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 10 For 0 Against

Yes: 10

Excused: King, Rios, Sanchez

Absent: None

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State of New Mexico House of Representatives

**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

February 27, 1997

Mr. Speaker:

**Your APPROPRIATIONS AND FINANCE COMMITTEE, to
whom has been referred**

HOUSE BILL 396, as amended

**has had it under consideration and reports same with
recommendation that it DO PASS.**

Respectfully submitted,

Max Coll, Chairman

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FORTY- THIRD LEGISLATURE
FIRST SESSION, 1997

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Adopted _____ Not Adopted _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 12 For 0 Against

Yes: 12

Excused: Abeyta, Buffett, Marquardt, Saavedra, Taylor, J. P.

Absent: None

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 17, 1997

Mr. President:

Your PUBLIC AFFAIRS COMMITTEE, to whom has been
referred

HOUSE BILL 396, as amended

has had it under consideration and reports same with
recommendation that it DO PASS, and thence referred to the WAYS
& MEANS COMMITTEE.

Respectfully submitted,

Shannon Robinson, Chairman

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 5 For 0 Against

Yes: 5

No: 0

Excused: Adair, Boitano, Ingle, Rodarte

Absent: 0

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

March 19, 1997

Mr. President:

Your WAYS AND MEANS COMMITTEE, to whom has been
referred

HOUSE BILL 396, as amended

has had it under consideration and reports same with
recommendation that it DO PASS.

Respectfully submitted,

Carlos R. Cisneros, Chairman

Adopted _____ Not Adopted _____

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 7 For 0 Against

Yes: 7

No: 0

Excused: Duran, McSorley

Absent: None

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