

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/3/2025

Check all that apply:

Bill Number: SB221

Original Correction
Amendment Substitute

Sponsor: Sen. Pat Woods, Sen. Gabriel Ramos

Agency Name and Code Number: 305 – New Mexico Department of Justice

Short Title: Additional Unfair Insurance Claims Practice

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis:

Section 1: This bill amends the Unfair Claims Practices Act, Section 59A-16-20, NMSA 1978, which prohibits certain actions of insurers. It changes some language for the purpose of gender neutrality and style, and adds a new Unfair Claims Practice.

Preamble: Changes “Any and all” to “any”

Paragraph H: Changes “he” in the third line to “the insured.”

Paragraph I: Changes “his” in the third line to “the insured’s.”

Paragraph L: Adds an “a” before “claimant” in the second line.

Adds a new Paragraph P, which appears to be the main purpose of the Amendment.

Paragraph P adds a new prohibited unfair claims practice. While the language is somewhat unclear, it appears to prohibit an insurer from treating an insured’s inquiry regarding loss or damage as a “claim” under certain circumstances. This would affect policies in which insureds are penalized, through higher premiums, etc., for filing a claim.

Specifically, the amendment would prohibit treating an inquiry as a “claim” if the following conditions are met:

1. The policy coverage does not encompass the facts of the inquiry,
2. No payment is made to or behalf of the insured.
3. The “claim” does not involve deceptive practices on the part of the insured.

FISCAL IMPLICATIONS

N/A

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None apparent.

TECHNICAL ISSUES

The bill could have been made a little clearer.

The exact words for the third condition for not treating an inquiry as a “claim,” is that “the *claim* does not involve deceptive practices on the part of the insured.” (emphasis added) Because the whole point is that the inquiry is not to be treated as a claim, the word “inquiry” should replace the word “claim” in that instance.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS

N/A