

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: 2/6/2025

Check all that apply:

Bill Number: SB277

Original Correction
Amendment Substitute

Sponsor: Sen. Michael Padilla

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

Person Writing

Short Title: Insurance Holding Company Law Changes

Analysis: Henry Chynoweth

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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:

SB-277 would amend multiple sections of New Mexico’s Insurance Holding Company Law and add original sections as well.

Section 1 of the bill amends NMSA Section 59A-37-2 adding definitions the section. Some of these additions define terms analogous to their definitions in the Insurance Holding Company Act, a model law produced by the National Association of Insurance Commissioners. These terms include “group-wide supervisor,” “internationally active insurance group,” “liquidity stress test framework,” and “scope criteria.” The bill also includes definitions clarifying language in the Insurance Holding Company Law unique to New Mexico, such as “association,” “commissioner,” and “large life insurance company.” Other definition paragraphs are re-lettered to accommodate the changes.

Section 2 of the bill amends NMSA Section 59A-37-30, adding clarifying language and incorporating the term “association.”

Section 3 of the bill amends NMSA Section 59A-37-32, incorporating language from the Insurance Holding Company Act and creating a system for determining and recognizing the appropriate group-wide supervisor for an internationally active insurance group.

Section 4 of the bill adds a new section to the Insurance Holding Company Law, incorporating language from the Insurance Holding Company Act, which establishes a system for insurance companies to provide group capital calculation reports to the superintendent, providing exceptions as to which companies are required to file these reports, and providing the procedure should a company cease meeting the requirements for an exception.

Section 5 adds a new section to the Insurance Holding Company Law, addressing the filing of liquidity stress test results and how this framework is to be applied to large life insurance companies in New Mexico.

FISCAL IMPLICATIONS

NA

SIGNIFICANT ISSUES

None.

PERFORMANCE IMPLICATIONS

N/A

ADMINISTRATIVE IMPLICATIONS

N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

“Internationally active insurance group” appears to be defined at 440-2 of the model law, not at 440-1. If a more general cite was intended it may be helpful to reference the model law as “MO-440.”

The provision “A change to the association’s liquidity stress test framework or to the data year for which the scope criteria are to be measured shall be effective on January 1 of the year following the calendar year when the change was adopted.” Appears twice in section 5.

OTHER SUBSTANTIVE ISSUES

None.

ALTERNATIVES

N/A

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

AMENDMENTS