

LFC Requester:

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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

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

Date Prepared: _____ *Check all that apply:*
Bill Number: House Bill 369 Original Correction
Amendment Substitute

Sponsor: Rep Joshua N. Hernandez **Agency Name and Code Number:** Office of Superintendent of Insurance - 440
Short Title: _____ **Person Writing:** Victoria Baca
Phone: _____ **Email:** VictoriaA.Baca@osi.n

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	NA	NA	NA	NA	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB 369 would amend portions of the Insurance Code related to licensing. The bill seeks to reduce inconsistent provisions in the Insurance Code and address issues faced with licensing of companies and individual producers. Specifically,

- The bill establishes the initial and renewal fee charged to multiple-employer welfare arrangements (“MEWAs”).
- The bill seeks to harmonize two conflicting sections of the insurance code by permitting a producer to request a continuation of a license within one year of termination, and by making the fee for such consistent with elsewhere in the insurance code.
- The bill, as written, would replace a provision of the insurance code requiring that an unauthorized insurer’s appointments automatically terminate upon the termination of that insurer's authorization.
- The bill clarifies that the fees for the appointment of an insurance producer are due by midnight March 1 each year.
- The bill would require a resident insurance producer to maintain a current residential, business or email address with the OSI.
- The bill would require insurance producers to notify the OSI within thirty days of a change of business, residential, or email address.
- The bill would require insurance adjusters to notify the OSI within thirty days of a change of business, residential, or email address.
- The bill would impose a requirement for an insurer to file the name and contact information of a responsible individual and impose an obligation to update the contact information for that assigned individual within 30 days of any change.
- The bill requires an insurer that amends a certificate of authority to submit the required documentation to the OSI within 30 days and imposes an administrative penalty for failure to do so.

FISCAL IMPLICATIONS

The fiscal impact to the Company Licensing Bureau would be that the Bureau would not collect the application and renewal fee for the MEWA’s.

There would be no fiscal impact to the Producer Licensing Bureau.

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

The licensing division of the OSI requires up-to-date information concerning companies and producers to administer the insurance code. This is becoming increasingly true as there is an increased reliance upon electronic communication and forms throughout the industry. The requirement for licensees to maintain an email address has been passed in numerous other states, but the New Mexico insurance code does not yet require such.

Likewise, a requirement that insurance companies maintain up-to-date contact information is crucial to ensure that the OSI can contact the company regarding statutory deposits, fees and assessments. Requiring an update within 30 days of a change, and imposing a penalty for failure to do so will ensure that the OSI can effectively communicate with regulated entities.

Additionally, the company licensing bureau has faced difficulties when insurance companies fail to submit all the required documents that are required concerning company name changes, mergers, acquisitions, or similar changes, reporting that some companies take up to six to nine months to submit the documents. Thus, HB 369's requirement that necessary documents be submitted to OSI within 30 days is necessary.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

N/A

TECHNICAL ISSUES

- On page 12, the bill amends the language of 59A-11-10(F) concerning appointments from insurers who cease to be authorized to transact business in New Mexico, stating that those appointments automatically terminate on March 1 of each year. That change should not be made, and the current statutory language providing that a company's appointments automatically terminate on the same date that the company's authority to transact business terminates should remain the law. Allowing an unauthorized insurer to still have appointments of producers in this state which do not automatically terminate until the following March 1 is not the outcome that OSI intends with this bill.
- On page 15, the proposed amendment to 59A-12-17(C) requires only a *resident* insurance producer to maintain a current residential, business or email address with the superintendent. While this language makes sense regarding education requirements due to reciprocity provided elsewhere in the Insurance Code, the requirement for reporting of a producer's addresses should apply to *all* producers, resident and nonresident producers alike.

Likewise, the amendment should require all three forms of addresses to be on file with the Superintendent, not any of the three. The bill's use of the word "or" would indicate that a producer would only need to provide any of the three forms of address, rather than all three. The word "or" should be replaced by "and" in this subsection.

Thus, the subsection should be amended to read: “An insurance producer license shall remain in effect unless revoked or suspended as long as the fee set forth in Section 59A-6-1 NMSA 1978 is paid, the insurance producer maintains a current residential, business, and email address with the superintendent, and education requirements for resident insurance producers are met by the due date.”

- On page 15, the proposed amendment to 59A-12-17(D) removes the penalty amount by striking through the word “double.” The intent of this portion of the bill was to harmonize the penalty found in 59A-12-17(D) with the penalty found in 59A-11-10(C). However, merely deleting the word “double” creates a new contradiction, as 59A-12-17(D) now reads as though the penalty amount is merely the unpaid renewal fee.

Thus, the bill’s amendment of 59A-12-17(D) should instead read: “An insurance producer who allows the insurance producer's license to lapse may, within twelve months from the due date of the renewal fee, reinstate the same license without the necessity of passing a written examination. However, a penalty in the amount of 150% the unpaid renewal fee shall be required for any renewal received after the due date, in addition to the renewal fee.

- On page 15, the amendment to 59A-12-17(F) should require a license to contain the residential, business, *and* email address. The use of “or” would indicate that a license could have any of the three, rather than requiring all three.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo. The licensing division will continue to face complications concerning outdated contact information for regulated individuals and entities.

AMENDMENTS

On page 12, the amendment to Section 59A-11-10(F) should not be made.

On page 15, the proposed amendment to 59A-12-17(C) should be amended to read:

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On page 15, the amendment to 59A-12-17(F) should require a license to contain the residential, business, *and* email address, instead of the conjunction using “or”.