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FISCAL IMPACT REPORT

SPONSOR <u>Hernandez, J./Maestas</u>	LAST UPDATED _____
	ORIGINAL DATE <u>2/25/2025</u>
SHORT TITLE <u>Insurance Licensing Times & Fees</u>	BILL NUMBER <u>House Bill 369</u>
	ANALYST <u>Rodriguez</u>

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Fees	\$0.0	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Recurring	Insurance Operations Fund
Reversion	\$0.0	\$0.0	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Recurring	General Fund

Parentheses () indicate revenue decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
New Mexico Attorney General (NMAG)
Office of Superintendent of Insurance (OSI)

SUMMARY

Synopsis of House Bill 369

House Bill 369 (HB369) amends licensing fees, the continuation and termination of licenses, requires insurance producers and adjusters to file contact information with the Office of Superintendent of Insurance (OSI) and update OSI of any changes within 30 days, and requires amendments to certificates of authority to be filed with OSI within 30 days. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The fees proposed in HB369 would have an indeterminate but positive impact on the insurance operations fund. The fund is a special revenue fund at OSI that consists of fees collected by the agency pursuant to Section 59A-6-1 NMSA 1978 of the Insurance Code. The Legislature appropriates from the insurance operations fund to OSI and any balance greater than one-half of that fiscal year's appropriation reverts to the general fund. Therefore, HB369 would likely also have a positive impact on the general fund. Based on OSI's most recent audit, in FY24, the agency collected \$16.9 million in the insurance operations fund and reverted \$262.8 thousand to the general fund.

SIGNIFICANT ISSUES

HB369 adds licensing fees for multiple employer welfare arrangements (MEWAs), employee leasing contractors, and professional employer organizations, including a \$1,000 initial registration fee and \$200 annual renewal fee. MEWAs, employee leasing contractors, and professional employer organizations are arrangements that help businesses group and handle health and welfare benefits. MEWAs allow multiple employers to group insurance, and employee leasing contractors and professional employer organizations manage payroll and benefits. To date, OSI has received nine related applications.

HB369 extends the timeframe in which a licensee can request a continuation of their expired license from 30 days to one year and specifies all licenses not authorized to transact would terminate on March 1 of every year. OSI notes this amendment seeks to resolve two conflicting sections of the Insurance Code by permitting a producer to request a continuation of a license within one year of termination and aligning it to the fee in another part of the code.

The bill adds a new section to the Insurance Code that requires resident insurance producers to file the contact information of the individual responsible for paying statutory deposits and fees with OSI, including phone number and email addresses. The bill requires insurance producers and adjusters to update contact information within 30 days of any changes. OSI notes that the requirement for licensees to maintain an email address has been passed in numerous states and would facilitate OSI's electronic communication with companies. Additionally, the requirement for companies to maintain up-to-date information would facilitate OSI's communication with companies. As noted by OSI, the Company Licensing Bureau has faced difficulties when insurance companies fail to submit the required documents after name changes, mergers, and acquisitions, and note that some companies take up to nine months to submit documents. HB369 would require companies to submit documentation within 30 days.

TECHNICAL ISSUES

OSI noted four technical issues with HB369:

1. As drafted, HB369 requires companies to maintain “a current residential, business or email address” with OSI, which indicates companies can choose to maintain just one address, as opposed to all three. OSI indicates the bill should require companies to submit all three.
2. On page 15, the bill amends the penalty amount for lapsed insurance producer's license. Currently, the penalty is double the unpaid renewal fee. HB369 strikes the word “double.” OSI notes the purpose of this amendment was to align the section (59A-12-17) with the penalty in Section 59A-11-10(C). However, the amendment does not do so correctly. OSI notes the language should be amended as follows:
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 percent the unpaid renewal fee shall be required for any renewal received after the due date, in addition to the renewal fee.
3. On page 15, the proposed amendment requires resident insurance producers to maintain a current residential, business, or email address with OSI. However, OSI notes this should be required of all producers, not just resident producers. OSI notes the language should

be amended as follows:

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.”

4. On page 12, the bill amends the language concerning appointments from insurers who cease to be authorized to transact business in New Mexico, proposing that those appointments automatically terminate on March 1 of each year. OSI argues this 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. OSI notes allowing unauthorized insurers to still have appointments with producers was not the intended outcome of HB369.

JR/hj/hg