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FISCAL IMPACT REPORT

SPONSOR <u>Rep. Hernandez, J./Sen. Maestas</u>	LAST UPDATED <u>3/16/2025</u>
	ORIGINAL DATE <u>2/25/2025</u>
SHORT TITLE <u>Insurance Licensing Times & Fees</u>	BILL NUMBER <u>House Bill 369/aHJC</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 HJC Amendment to House Bill 369

The House Judiciary Committee amendment to House Bill 369 (HB369) addresses technical issues noted in the original analysis. The amendment requires insurance producers and licensees to maintain current residential, business, and email addresses with the Office of Superintendent of Insurance (OSI). The amendment also clarifies that all producers, not just resident producers as proposed in the original bill, are required to maintain contact information with OSI.

The amendment also reverts when licenses and appointments of insurers terminate. The original bill set all terminations to March 1. The amendment reverts to the original language, allowing a company's appointments to terminate on the same date that the company's authority to transact terminates.

The amendment also aligns penalties for lapsed insurance producer's licenses in Section 59A-12-17 with the penalty in Section 59A-11-10(C), ensuring that penalties for lapsed licenses are 150 percent of the unpaid renewable fee in addition to the renewal fee.

Synopsis of House Bill 369

House Bill 369 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. The bill specifies that all licenses and appointments terminate on the same date that the company's authority to transact terminates.

The bill adds a new section to the Insurance Code that requires insurance producers and licensees to file residential, business, and email addresses with OSI. The bill also requires them 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.