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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/08

SPONSOR Stewart LAST UPDATED \_\_\_\_\_ HM 58

SHORT TITLE PRC Revisions to Title Insurance Law SB \_\_\_\_\_

ANALYST Earnest

### REVENUE (dollars in thousands)

| Estimated Revenue |      |      | Recurring<br>or Non-Rec | Fund<br>Affected |
|-------------------|------|------|-------------------------|------------------|
| FY08              | FY09 | FY10 |                         |                  |
| NFI               | NFI  | NFI  |                         |                  |

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Memorial 58 finds that

- for the last ten years, the title insurance industry in New Mexico has earned profits that are far in excess of the profit margins underlying the rates promulgated but the superintendent of insurance
- current statutes require all title insurers to charge uniform rates set by the superintendent;
- the introduction of price competition may encourage title insurers to offer consumers and lenders rates that are lower than those adopted by the superintendent of insurance;
- the current statutory requirement that the superintendent conduct annual title insurance rate hearings absorbs an inordinate amount of the limited resources of the insurance division of the public regulation commission;
- concerns have been raised that remedies available to property owners arising from negligent title searches and examinations may be unreasonably limited by the New Mexico Title Insurance Law;
- the attorney general; the public regulation commission; the superintendent of insurance; think New Mexico, a nonpartisan public policy group; the American association of retired persons; the senior citizens' law office; the United States conference of Catholic bishops; real estate groups; newspapers across the state; and other interested parties have stated the need for revising the New Mexico Title Insurance Law;

Therefore, the memorial requests that the insurance division of the Public Regulation Commission draft a comprehensive revision of the New Mexico Title Insurance Law and to

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submit the proposed revision to the interim Legislative Finance Committee, the interim Mortgage Finance Authority Act oversight committee and the governor;

**FISCAL IMPLICATIONS**

The fiscal implications are limited to the any administrative impact imposed on the Insurance Division at the PRC.

**SIGNIFICANT ISSUES**

In the 2007 session, HM 80 was passed, requesting that PRC study current title insurance laws and present its findings to the Legislature. The PRC Insurance Division contracted with UNM Anderson School of Management to conduct a study of title insurance laws and markets in New Mexico and surrounding states. This memorial builds on the work performed in 2007 to request for recommendation for comprehensive title insurance reform.

Think NM, a nonprofit, nonpartisan, policy research organization has already made such a recommendation. Based on those recommendations, Senate Bill 497 was introduced in the current session.

BE/bb