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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/13

SPONSOR Griego LAST UPDATED _____ HB _____

SHORT TITLE Surety Insurance Contracts Compliance SB 192

ANALYST Trowbridge

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI	NFI	N/A	None

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

General Services Department (GSD)
 Public Regulation Commission (PRC)
 Department of Finance and Administration (DFA)
 Tourism Department (TD)

SUMMARY

Synopsis of Bill

Senate Bill 192 clarifies existing language in NMSA 1978 §59A-31-1 relating to surety insurance and contracts. Currently, the Insurance Code defines surety insurance in NMSA 1978 §59A-7-8, and is generally fidelity and performance insurance such as performance bonds. The Code also states surety contracts will be subject to the provisions of Article 18 (Section 59A-18-1 et seq.) which relates to individual contracts of insurance. The Bill also adds that surety contracts will also be subject to the terms of Article 5, which relates to company licensing and certification. Surety companies are already subject to these licensing provisions, and so this provision simply clarifies existing law as it is applied by the Company Licensing Bureau of the NMPRC Insurance Division.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Insurance contracts may be non-compliant with insurance code.

TT/svb