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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/13
 SPONSOR SJC LAST UPDATED 02/21/13 HB _____
 SHORT TITLE Portable Electronics Insurance Regulation SB 206/SJCS
 ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

The Senate Judiciary Committee substitute for Senate Bill 206 seeks to enact the “Portable Electronics Insurance Act” The bill expands the regulatory requirements that currently pertain to insurance covering the repair or replacement of cell phones and other portable electronics devices when that insurance is underwritten by insurance companies and is sold by the vendors of those devices.

In addition the bill adds a new limited license to applicants who are qualified to solicit and sell travel insurance. The bill details terms and conditions required to qualify both the limited agent and the product.

The bill also seeks to amend the Insurance Code to provide for a portable electronic insurance adjuster exemption.

FISCAL IMPLICATIONS

No fiscal impacts were identified.

SIGNIFICANT ISSUES

The Public Regulation Commission (PRC) notes that the insurance code currently provides limited insurance agent licenses to business entities (i.e. “vendors”) that sell cell phones and

other portable electronics devices and allows the vendor's employees that have received training on the insurance product to sell it without having an insurance license. However, the insurance code provides limited specifics regarding the sale of the product or related consumer protections.

The bill requires that specific relevant written information regarding the nature of the insurance coverage and how to submit a claim be provided to consumers at the point of sale. The bill provides detail on the insurance training required to be given by the vendor to its salespeople. The bill also specifies the rights and obligations of the parties regarding termination of insurance coverage.

The Attorney General's Office (AGO) reviewing attorney notes that the bill would provide purchasers of portable electronics additional protections by requiring the seller to disclose additional information about the insurance coverage that the purchaser may or may not have access to prior to sale thus helping to protect the purchaser/consumer.

MW/svb