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FISCAL IMPACT REPORT

ORIGINAL DATE 2/27/17
LAST UPDATED 3/01/17

SPONSOR SCORC **HB** _____
SHORT TITLE Limited Lines Self-Storage Insurance **SB** 301/SCORCS/aSJC
ANALYST Martinez

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
See Fiscal Implications	See Fiscal Implications	See Fiscal Implications	See Fiscal Implications	See Fiscal Implications

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Senate Judiciary Committee Amendment

The Senate Judiciary Committee Amendment on page 3 inserts the following, “The superintendent may issue a limited lines self-storage producer license to individual applicants who are owners or operators of self-service storage facilities.”

Synopsis of Bill

The Senate Corporation and Transportation Committee Substitute for HB 301 creates a new section of the insurance code to provide for limited lines self-storage insurance, which will be enforced by the superintendent of insurance.

“Limited lines self-storage insurance” means insurance coverage for loss of an occupant’s personal property incidental to the rental of a self-storage space at a self-storage facility. SB301 states that a limited lines self-storage producer is an owner or operator authorized by the superintendent to sell or solicit limited lines self-storage insurance.

SB301 states that the limited lines self-storage producer will supervise or appoint the operator of the storage facility to supervise the administration of the sale or solicitation of limited lines self-storage insurance, including development of a training program, for employees and the operator. This training program will be submitted to the superintendent for approval prior to use.

FISCAL IMPLICATIONS

SB301 carries no appropriation.

SB301 states that a limited lines self-storage license authorizes an owner or operator authorized by the superintendent to sell or solicit a policy of limited lines self-storage insurance. A limited lines self-storage producer is licensed only to sell or solicit or to offer to sell or solicit limited lines self-storage insurance in connection with an incidental to the rental of a self-storage space in the owner's self-storage facility.

SB301 does not specify any fiscal amounts that will be charged to receive a limited lines self-storage license.

SIGNIFICANT ISSUES

Page 2, line 3, states that a limited lines self-storage producer is an owner or operator authorized by the superintendent to sell or solicit limited lines self-storage insurance. The general use of the word "Superintendent" should be specified to include, "Superintendent of Insurance."

Page 3, line 10, does not provide details on the fees that will be charged to apply for a limited lines self-storage license, it is impossible to assess what the fiscal implications will be to the Office of the Superintendent of Insurance (OSI). There are also no details on the application process to receive a license.

Senate bill 301 does not clearly state the time frame that a fee will be charged to obtain a limited license. It can be assumed that the intention is to provide licenses on an annual basis, and charge an annual fee. Currently, the Office of the Superintendent of Insurance (OSI) charges between \$20-\$100 dollars for licensing fees.

It is uncertain how many applications will be received for limited line licenses for self-storage facilities. OSI could potentially issue one to 1,000 licenses, generating between \$30 to \$30,000 annually. As other fees that are collected by OSI, these fees can be used to administer the collection of fees and operating budget uses, with remaining balances building a fund balance. However, Senate bill 301 does not clearly state the intention of the fees collected.

OSI would not incur an additional appropriation or an increase to the operating budget to administer the self-storage licenses. Current full time staff would take on additional work to process payments, applications, and renewals.

JM/jle/sb/al