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FISCAL IMPACT REPORT

SPONSOR Lujan LAST UPDATED _____
ORIGINAL DATE 2/5/2023
BILL _____
SHORT TITLE Insurance Adjuster Bond Exclusion BILL NUMBER House Bill 229
ANALYST Dick-Peddie

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

| | FY23 | FY24 | FY25 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------------------|------------------|------------------|----------------------|------------------------------|------------------|
| | No fiscal impact | No fiscal impact | No fiscal impact | | | |
| Total | | | | | | |

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From

New Mexico Attorney General (NMAG)

No Response Received

Office of the Superintendent of Insurance (OSI) (See significant Issues)

SUMMARY

Synopsis of House Bill 229

House Bill 229 amends Section 59A-13-5 NMSA 1978 to only require public adjusters (as defined in Section 59A-13-2) to file a surety bond in favor of the superintendent in the amount of not less than \$10 thousand. It also removes the provision that allows an applicant or licensee to file a cash bond in like amount, in lieu of surety bond.

FISCAL IMPLICATIONS

A surety bond involves a promise by one party to assume responsibility for the debt obligation of a borrower if that borrower defaults. There is no fiscal impact to the state, as the bill does not eliminate the requirement for a surety bond.

SIGNIFICANT ISSUES

The main difference between a cash bond and a surety bond is the number of parties involved. Cash bonds only involve two parties, the lender and the lendee. In a surety bond, there is a third party, the surety company. The term surety refers to any party that guarantees the payment of a debt or performance of a contract.

The Office of the Superintendent of Insurance was not sent a request for analysis in time to provide an agency response, but this FIR will be updated with OSI response as soon as LFC receives it.

ADP/al/ne