

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO****AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov****(Analysis must be uploaded as a PDF)****SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}***Date Prepared:** 02/03/25*Check all that apply:***Bill Number:** SB221Original Correction Amendment Substitute **Sponsor:** Woods/Ramos**Agency Name
and Code**Office of Superintendent of
Insurance - 440**Short** Additional Unfair Claims**Number:****Title:** Practice**Person Writing** Timothy Vigil**Phone:** (505) 690-0651 **Email** Timothy.vigil@osi.nm**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: During the recent fires and floods, the Federal Emergency Management Agency (FEMA) required insureds to obtain a denial of coverage letter from an insurer in order to claim federal benefits. This resulted in insureds having claims on their record that could ultimately increase their premiums or a result in a full denial of coverage.

Senate Bill 221 (SB221) would prevent insurance companies from increasing, non-renewing, or denying coverage to a consumer who made an inquiry about coverage or placed a claim for a factual situation where the policy did not offer coverage.

SB221 prohibits insurers from knowingly committing or engaging in a business practice that would penalize policyholders seeking to obtain a denial letter or to inquire about their coverage.

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

None

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None.

TECHNICAL ISSUES

The proposed amendment provides that an insurer can use an insured's inquiry if the claim involves a deceptive practice. Use of the term "deceptive" in the Insurance Code generally relates to acts engaged in by an insurer, not the insured. The term insurance fraud would appear to be the more appropriate term. Insurance Fraud is defined in Section 59A-16C-3 of the Insurance Code and is usually committed by an insured.

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

New Mexico consumers will continue to potentially experience negative consequences simply because they request a claim denial for an uncovered claim that will allow the consumer to provide the documentation required to request assistance from FEMA.

AMENDMENTS

None.