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## FISCAL IMPACT REPORT

**LAST UPDATED** \_\_\_\_\_

**SPONSOR** Thompson **ORIGINAL DATE** 1/27/2025

**BILL**

**SHORT TITLE** Personal Insurance Credit Info Act Changes **NUMBER** House Bill 80

**ANALYST** Graeser

### REVENUE\* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Insurance Premiums	Indeterminate but minimal gain					Recurring	General Fund
	Indeterminate but minimal gain					Recurring	Fire Protection Fund
	Indeterminate but minimal gain					Recurring	Law Enforcement
	Indeterminate but minimal gain					Recurring	HCAF

Parentheses ( ) indicate revenue decreases.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
OSI	No fiscal impact	No fiscal impact	No fiscal impact	No Fiscal Impact	Recurring	Other state funds
<b>Total</b>	No fiscal impact	No fiscal impact	No fiscal impact	No Fiscal Impact	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.

### Sources of Information

LFC Files

Agency Analysis Received From  
Office of Superintendent of Insurance (OSI)

Agency Analysis was Solicited but Not Received From  
Health Care Authority (HCA)

## SUMMARY

### Synopsis of House Bill 80

House Bill 80 amends 59A-17A-4 on credit reporting to prohibit a New Mexico regulated insurer that provides insurance policy coverage for private passenger automobiles, motorcycles, or recreational vehicles from using credit information, insurance scores, or an insurance policy applicant's education or occupation as a basis to underwrite, rate, or renew insurance policies.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, or June 20, 2025, if enacted.

## FISCAL IMPLICATIONS

Prohibiting insurance companies from using credit scores, educational attainment, or employment might result in more vehicle owners becoming insured. This would result in a small gain to the four funds that share the proceeds of vehicle premiums.

Prohibiting insurance companies from using “insurance scores” in deciding whether to underwrite, rate, or renew insurance policies could prompt some companies to abandon writing insurance in the state or increase premiums for all motorists. This possibility would result in large decreases in the insured motorist population and a concomitant increase in premiums for all New Mexico motorists. This contention is at odds with the opinion of OSI that the provisions of this bill would result in a decrease in the uninsured motorist population.

## SIGNIFICANT ISSUES

State statute currently prohibits insurance companies from using insurance scores using income, gender, address, race, color, national origin, religion, or marital status as a factor in denying coverage. The use of credit information in rating or coverage decisions is somewhat limited.

OSI notes the following:

According to the Insurance Information Institute, 14 percent of drivers in the United States were driving without private passenger auto insurance in 2022. The state of New Mexico had the second highest (to Washington DC) rate of uninsured motorists in the country at 24.9 percent. Auto insurance affordability challenges are driven by lower-than-average incomes throughout the state with average private passenger auto premiums.

Using credit information, education, and occupation as rating and underwriting decisions for insurance can adversely impact lower income drivers. Use of this information contributes to private passenger auto affordability in the state and increases the uninsured motorist rate.

Amending the statute by adding the proposed Subsection H would reduce uninsured motorists in New Mexico and would create more affordable insurance for people who earn lower incomes and who face unfavorable credit information causing lower credit scores.

TransUnion, a provider of consumer credit reports, explains an insurance score is a credit-based metric that predicts “the likelihood of a consumer having an insurance loss and filing a claim in the future.”<sup>1</sup> Insurance companies use insurance scores to determine the cost of premiums and decide whether to sell you a policy.

The provisions of this bill, including prohibiting the use of insurance scores, remove the ability of insurance companies to accurately measure risks. This may have second-order effects that could include an increase of premiums for all drivers or could lead to companies abandoning the vehicle insurance business in the state.

## TECHNICAL ISSUES

“Insurance scores” is not defined in this bill.

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<sup>1</sup> <https://www.transunion.com/industry/insurance/credit-based-insurance-scores-faqs#accordiongroup-0112dfbd49-item-e11f6dd0f1>

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