



Office of Superintendent of Insurance Annual Report 2020

RUSSELL TOAL, SUPERINTENDENT

1120 Paseo de Peralta, Santa Fe NM 87501

+1 855 4 ASK OSI | 505 827 4601

www.osi.state.nm.us

STATE OF NEW MEXICO
OFFICE OF SUPERINTENDENT OF INSURANCE

DEPUTY SUPERINTENDENT

Robert E. Doucette, Jr.



GENERAL COUNSEL

Bryan E. Brock

SUPERINTENDENT OF INSURANCE

Russell Toal

December 1, 2020

The Honorable Michelle Lujan-Grisham, Governor
Members of the New Mexico State Legislature
State Board of Finance
Citizens of New Mexico

Ladies and Gentlemen:

I respectfully submit the Annual Report for the Office of Superintendent of Insurance for the fiscal year ending June 30, 2020. I am proud to say that our team has made great strides in implementing new capabilities for the department to better serve New Mexico's consumers and businesses.

We moved aggressively in response to COVID-19 and have taken many actions to protect consumers and businesses. Our consumer assistance teams have helped save, resolve, and recover nearly \$10 million in the last five years, and we continue to combat insurance fraud with a greater number of joint operations, prosecutions, and convictions. Through the dedicated work of our health policy teams, New Mexico has been fortunate to see greater market stability than most of the nation, with monthly health plan premiums consistently below the national average. Increasing transparency and consumer education have remained key initiatives of OSI, and through new technology and increased regulatory efficiency, OSI has been able to implement new web-based consumer support tools. Collaborating with industry representatives, consumer advocates, stakeholders, and other state agencies, OSI continues to promote education on consumer rights, fraud awareness and reporting, and assistance available within OSI.

We remain committed to improving our regulations, systems, and processes through coordinated efforts with our stakeholders, partners, and the consumers of New Mexico. We appreciate the strong support that you have provided the OSI. Please do not hesitate to contact me should you have any questions regarding this report, our operations, or our strategic plans.

Respectfully,

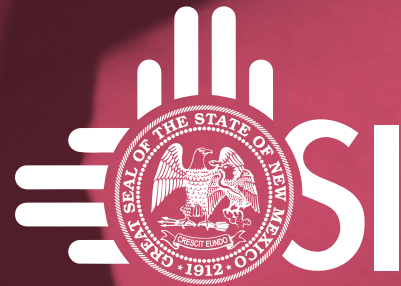
RUSSELL TOAL, MPH
Superintendent of Insurance

Agency Mission

The mission of the Office of Superintendent of Insurance is to provide consumers with convenient access to reliable insurance products that are underwritten by dependable and financially sound companies.

The agency strives to ensure that these companies have a proven history of fair and reasonable rates, are represented by trustworthy and qualified agents, and treat consumers fairly and honestly.

The Office of Superintendent of Insurance is committed to insurance consumer protection, fraud prosecution, and education, striving to become one of the nation's leading regulatory agencies.



RUSSELL TOAL
Superintendent of Insurance

ROBERT E. DOUCETTE, JR.
Deputy Superintendent

BRYAN E. BROCK
General Counsel

JULIE WEINBERG
Life & Health Director

ANGELICA ANAYA ALLEN
Consumer Services Director

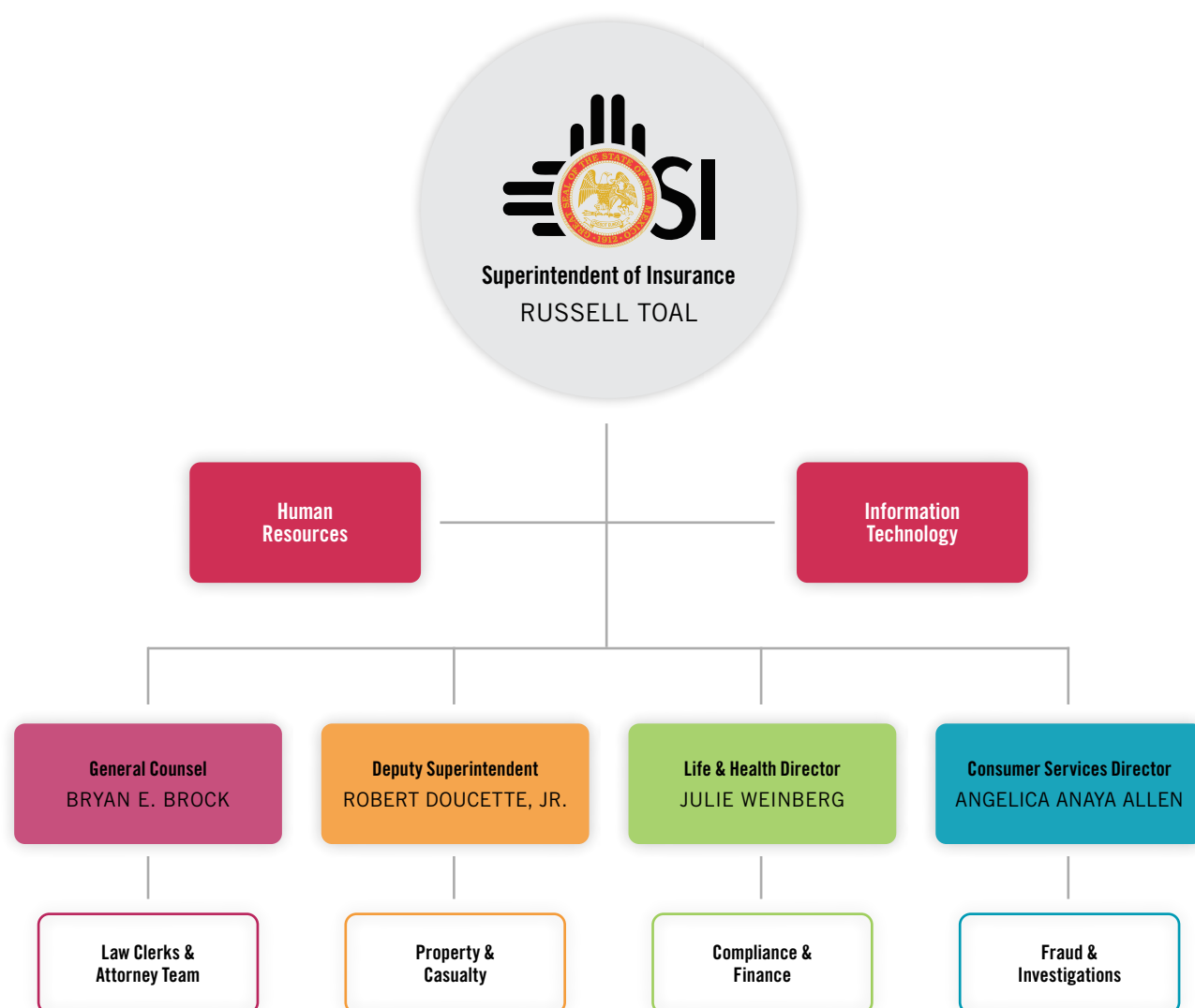
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Agency Organizational Chart

FISCAL YEAR 2020

OFFICE OF SUPERINTENDENT OF INSURANCE (OSI)



Agency Description

What Is The OSI?

The Office of the Superintendent of Insurance (OSI) is responsible for regulating every type of insurance in the state of New Mexico—from licensing insurance producers to writing rules and resolving consumer grievances.

OSI strives to ensure that fair and affordable insurance products are delivered to New Mexicans by entities that are qualified to do so and which are financially sound. The OSI oversees the more commonly known insurance types, such as health, home, life, and car insurance, but is also regulates renter, prepaid funeral, credit card and appliance insurance, among others.

The paramount role of the OSI is to make sure the insurance industry is operating in the best interests of New Mexicans. It does this by serving and engaging three primary groups: consumers, producers, and policy issuers. The most important of these groups is consumers of insurance. The OSI serves consumers by investigating and prosecuting fraud, which keeps prices low and protects customers, by monitoring market rate increases and enforcing fair and competitive pricing of insurance products, and through public education. Always advocating for awareness, it informs the public about changes in laws, pricing, and general market trends that impact the lives of people who buy insurance.

Another essential group the OSI serves are insurance brokers and agents, or “producers.” The OSI primarily assists producers in (1) obtaining a new license to provide insurance in the state of New Mexico, (2) renewing licenses, and (3) making sure they are compliant with education requirements to sell any insurance products.



NEW MEXICO | OFFICE OF
SUPERINTENDENT
OF INSURANCE

The OSI works with members of the insurance industry on regulatory matters, on problem areas (such as increasing cost of homeowner's insurance), on enforcement matters and on consumer protection. OSI has begun regular meetings with insurers, providing full transparency on agency matters and by coordinating new initiatives. An example of this is the issuance of guidance related to COVID-19 testing, treatment and protection of consumers on policy forbearance, auto insurance discounts because of reduced driving, and business insurance reductions because of reduced hours or operations. The OSI was able to be effective in quickly issuing guidance because of its partnership with insurers.

By serving these primary groups, the OSI carries out its mission to ensure that insurance companies have a proven history of fair and reasonable rates, are represented by trustworthy and qualified agents, and treat consumers fairly and honestly.

What We're Doing For New Mexico

The OSI has worked diligently to meet performance metrics during a year filled with social and financial challenges.

Its priority to continue to serve New Mexicans has been demonstrated in the OSI's tireless advocating for fair treatment of consumers by health insurers, despite the challenges brought on by the COVID-19 pandemic. In addition to providing core services to regulate the state's insurance industry, the OSI has begun operationalizing strategy around its renewed focus on consumers.

This renewed focus has been spearheaded by Superintendent Toal and is being carried out by the leadership team and staff of the OSI. A complete redesign of the OSI's website is in progress to make public-facing content easier to understand and navigate. The new website navigation experience will make the most commonly accessed functions of the site easier to use. Many of those functions involve healthcare-

related topics and questions that will be more easily answered on the new site. The first phase of the website redesign was recently completed and will be live on January 1, 2021.

Another major initiative was to make the Health Plans offered on the New Mexico Health Insurance Exchange more affordable and to ensure that there were offerings with lower out-of-pocket costs available in all areas of the state. OSI was successful in this effort for the 2021 Open Enrollment.

These initiatives were key to creating an unprecedented level of engagement between the OSI's new administration and consumers. It also is a demonstration of the OSI's commitment to strengthen its level of support for New Mexicans. Making the objectives of the OSI more widely known and its services more accessible will undoubtedly lead to increased consumer awareness and greater ease of operating in New Mexico for insurers and producers.



History & Structure

The Office of Superintendent of Insurance (OSI) was created on July 1, 2013, pursuant to the passage of Constitutional Amendment 4 during the 2012 General Election and the subsequent enactment of House Bill 45 (Laws of 2013, Chapter 74) from the 1st Session of the 51st Legislature.

These actions removed the insurance regulatory function from the Public Regulation Commission (where it was housed as the “Insurance Division”) and placed it in a newly created adjunct state agency entitled the “Office of Superintendent of Insurance.” The enabling legislation also created an Insurance Nominating Committee to appoint the Superintendent of Insurance.

The agency is comprised of 95 full-time equivalent (FTE) positions authorized by the General Appropriations Act. Six of the ninety-five FTE positions are currently GovEx positions:

Superintendent of Insurance
RUSSELL TOAL

Deputy Superintendent of Insurance
ROBERT DOUCETTE

General Counsel
BRYAN E. BROCK

Chief Actuary
ANNA KRYLOVA

Life & Health Director
JULIE WEINBERG

Consumer Relations Director
ANGELICA ANAYA ALLEN



A majority of agency staff members have offices within several floors of the old Public Employees Retirement Association (PERA) building in Santa Fe. OSI also has an office space in Albuquerque.

The OSI considers many different perspectives in its regulatory activities, creating and working with advisory groups comprised of varied members from the consumer advocacy community, insurance agents or brokers, service providers, and business owners. Some of the agency’s advisory groups include: the Health Insurance Advisory Group, the Network Adequacy Group, the Surprise Billing Advisory Group, the NM Property & Casualty Insurance Guaranty Association, the NM Title Insurance Guaranty Fund, and the Insurance Fraud Policy Advisory Group, the Multi-Jurisdictional Auto Theft Law Enforcement Task Force, and the Auto Theft Prevention Authority.

OSI collects annual licensing fees from insurance agents, insurance carriers, and other insurance licensees. Approximately 95% of collected revenues are transferred to the state general fund, the fire protection fund, the law enforcement protection fund, and the Carrie Tingley fund, with the remaining 5% of collected revenues being used to support OSI operations.



The following OSI operations receive dedicated funding:

1. The Patient's Compensation Fund (PCF) is funded by over \$41 million of annual surcharges levied on healthcare providers who obtain medical malpractice coverage from the PCF. These funds pay judgments and settlements rendered on behalf of medically injured patients as well as the PCF's operating expenses. Funding provides for two PCF FTE positions and covers a small portion of the salary for an Actuary and IT staff, as well as contracted professional services and OSI resources used in relation to the PCF. Also, the PCF covers administrative costs in support of Insurance Operations.
2. The Insurance Fraud Fund is funded through assessments associated with the premium taxes levied on authorized insurers. This fund pays for the operations of the OSI's Insurance Fraud Bureau, along with providing support to Insurance Operations for administrative costs.
3. The Title Maintenance Fund is funded by assessments levied on title insurers. This fund pays for the OSI's Title Insurance Bureau, along with supporting administrative costs for Insurance Operations.

Operations Budget for State Fiscal Year 2020

Total	\$45 million
Personnel Services	8.0
Contracts	1.4
Other*	28.8
Financing Uses	7.0

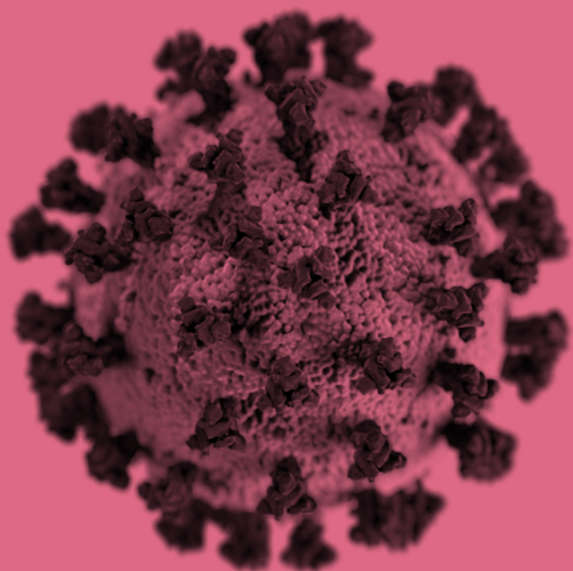
**\$27.640 of the "Other" category is for the Patient Compensation Fund. The balance of "Other" is for miscellaneous costs including DoIT expenses, IT supplies, Building Rent, Travel and other supplies.*

Agency Updates

2020 At A Glance

This year has certainly been one like no other. Immediately upon appointment of the new Superintendent, the OSI swiftly issued several rules that were in backlog.

During the Fiscal Year the OSI issued many Bulletins, Notices and Press Releases to address COVID-19, insurance regulation and the need to inform New Mexicans on recent developments (all of which can be found on the OSI website, [OSI.state.nm.us](https://www.osi.state.nm.us)). Press Releases covered critical topics ranging from the importance of Census participation, to health coverage and premiums, to education on COVID testing, treatment, payment, and opportunistic scams that surfaced in the shadow of the global pandemic.



CORONAVIRUS / COVID-19

As the coronavirus began to make its appearance in March, it quickly became the top priority for many state agencies. In its role of overseeing health coverage, the OSI responded urgently and substantively. A [dedicated COVID-19 page](#) was devised to inform consumers on their options in light of adverse impacts from the pandemic; the webpage continues to be regularly updated. A dedicated COVID-19 Call Center was also established in May 2020 to field consumer, producer, and insurance carrier questions on coverage, charges, or testing issues. As the pandemic took hold, the OSI began defining insurance coverage and billing for services provided in COVID-19 Alternate Care Sites.

The current public health crisis continues to be a major area of focus, particularly when it comes to protecting consumers, issuing guidance, and monitoring emerging changes in coding, billing, and service trends. The OSI has been—and will continue to be—aggressive about taking action when there is evidence that individuals are being inappropriately charged with out-of-pocket costs for COVID-19 testing or treatment. The OSI has remained diligent in enforcing policies which nullify all cost sharing obligations imposed on those seeking testing or needing treatment.

HEALTH COVERAGE OUTREACH

While the novel coronavirus was as new to the OSI as it was to anyone, consumer protection and regulation in health insurance and coverage is certainly not new, and responsibilities related to consumer protection remain firmly within the OSI's business activities. The complexities of healthcare, health coverage, and health literacy continue to quickly change for both consumers and insurance carriers alike. As such, this year brought a renewed focus on the importance of outreach, customer service, and education.

The OSI has engaged in several health coverage outreach efforts, coordinating all the activities with the NM Health Insurance Exchange (beWellnm), the Human Services Department (and Medicaid in particular), and the NM Medical Insurance Pool, aka the High Risk Pool. Coordinating with the Governor's Office, this collaborative of state agencies also developed common marketing materials and a health insurance eligibility tool. The Superintendent serves as Chair of the New Mexico Medical Insurance Pool (NMMIP) Board, and has taken an active role in the Pool, resulting in several major operational improvements, better reporting, and increased public engagement. Also in 2020 the OSI first utilized social media to help distribute news on the importance of health coverage and options for accessing coverage. This digital transformation was initiated to convert the OSI into a modern and tech-savvy agency that better connects with constituents and interfaces with their daily lives.

BILLS, RULES & OTHER INITIATIVES

In addition to addressing the already-strained health coverage issues that were exacerbated by the pandemic, the OSI proceeded with its standard work with a remote workforce to fulfill its goals and objectives. This year, the office focused on a number of pro-consumer policy and regulatory initiatives, including:

- auto insurance rebates,
- insulin copay caps and related studies,
- regulation of ACA-exempt insurance policies,
- prescription drugs importation,
- surprise billing implementation, and
- new contraceptive coverage rules.

The OSI worked on several major legislative bills this year, including:

- HB 292: PRESCRIPTION DRUG COST SHARING
- SB 1: WHOLESALE PRESCRIPTION DRUG IMPORTATION ACT
- HB 100: HEALTH INSURANCE EXCHANGE CHANGES



Agency Performance Measures

PROGRAM CODE & MEASURE TYPE	PERFORMANCE MEASURE & DESCRIPTION	FISCAL YEAR 2020 TARGET & FISCAL YEAR 2020 ACTUAL
P795 Output	Percentage of internal and external insurance-related grievances closed within 180 days of filing.	Target: 98.00% Actual: 97.92%
P795 Output	Percentage of producer applications, appointments, and renewals processed within 10 business days.	Target: 99.90% Actual: N/A (system incapable of recording in this manner)
P795 Output	Number of managed healthcare outreach activities conducted annually.	Target: 100 Actual: 1
P795 Efficiency	Percentage of insurance fraud complaints processed and recommended for further adjudication by a competent court, referral to civil division, or closures within 90 days.	Target: 95.00% Actual: 96.09%
P795 Output	Percentage of domestic company examination reports adopted within 18 months of the examination period.	Target: 100.00% Actual: 100.00%
P795 Output	Percentage of form and rate filings in the Life & Health Bureau processed within 90 days.	Target: 97.00% Actual: 98.98%
P795 Output	Percentage of form and rate filings in the Property & Casualty Bureau processed within 90 days.	Target: 99.00% Actual: 99.18%
P795 Output	Percentage of Office of Superintendent interventions conducted with domestic insurance companies when risk-based capital is less than 200%.	Target: 100.00% Actual: 100.00%

Agency Initiatives

OSI has established four primary initiatives, and recently reorganized the OSI structure to facilitate achievement of these initiatives:

- I. Advance the agency's functionality and administration to increase proficiency by ensuring organization efficiency, appropriate staffing levels, and training of staff.
- II. Improve functionality of the systems used by many sections within OSI to allow for more efficient processing of transactions, online tools for licensing renewal and more responsive consumer and client services.
- III. Improve regulatory efficiency and enforcement to maintain reasonable rates with minimized rate increases, and to ensure access to high quality, affordable health insurance.
- IV. Increase consumer and plan transparency, facilitate timely insurance transactions and consumer grievances processing, and enhanced consumer education on insurance products, protections, and their rights.



Agency Organizational Overview

Actuarial Unit

The purpose of the Actuarial Unit is to review and approve rate filings, to monitor rate trends and practices as well as the competitiveness of insurance markets in New Mexico, and to perform additional tasks as determined by the Superintendent of Insurance.

External actuarial consulting firms continued to assist the Unit in reviewing Affordable Care Act (ACA) health insurance plans under the federal ACA funding grant. The Unit also provides the Examinations Bureau with in-depth analyses of the financial strength of property and casualty insurers domiciled in New Mexico.

The Unit actively participated in National Association of Insurance Commissioners (NAIC) committees on health and long-term care pricing, valuation and compliance, and on risk-based capital requirements for insurers, particularly in the area of operational risk.

The Chief Actuary also serves as the Office of Superintendent of Insurance's primary administrator of the Patient's Compensation Fund.

As seen in the table below, filings reviewed for Life and Health Rates as well as Property and Casualty Rates in 2020 increased dramatically compared to those of fiscal year 2019.

REPORTING DETAILS	FISCAL YEAR 2019	FISCAL YEAR 2020
Life and Health Rate Filings Reviewed	566	4,214
Property and Casualty Rate Filings Reviewed	243	448

Administration Unit

The Administration Unit includes the following, all of which provide administrative support to the Office of Superintendent of Insurance:

- Superintendent of Insurance
- Deputy Superintendent of Insurance
- General Counsel
- Office of Superintendent of Insurance legal staff
- Chief Administrative Officer
- Chief Financial Officer
- Budget and Finance Units
- Human Resources Unit
- Public Information
- Information Technology
- Records

Company Licensing Bureau

The Company Licensing Bureau (CLB) licenses insurance companies and other risk-bearing insurance-related entities in the area of **Property, Casualty, Life, Health, Title, Surety, Marine, and Transportation.**

The CLB receives, reviews, processes, and renders determinations on applications from insurance entities that want to enter the New Mexico insurance market. The Bureau oversees upwards of \$561 million in insurance company deposits held with Century Bank and the State Treasurer's Office for the protection of New Mexico policyholders and creditors. The Bureau also reviews and processes documentation submitted by insurance companies for acquisitions, re-domestications, mergers, and name changes.

The table below provides Company Licensing Bureau details for fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Active Insurance Companies and Insurance Related Entities	1,949
<i>Deposits</i>	
Securities Held with Custodial Bank	\$541,931,800
Surety Bonds Held with State Treasurer	\$19,775,000
<i>Collections</i>	
Surplus Lines Premium Taxes	\$2,667,958
Surplus Lines Premium Tax Penalties	\$3,455

Consumer Assistance Bureau

The Consumer Assistance Bureau (CAB) processes and addresses complaints and inquiries from consumers about insurance rates and claim handling for all insurance products other than those involving managed healthcare.

The Consumer Assistance Bureau alerts the Investigations Bureau of situations where a complaint reveals a potential violation of insurance statutes and regulations by an insurance company or another insurance licensee.



CONSUMER ASSISTANCE EXAMPLE

The Consumer Assistance Bureau assisted a recent widow with obtaining life insurance benefits after her husband's passing. As a native Spanish speaker, the widow was struggling to understand what documentation the insurance company needed in order to collect on the policy. The CAB compliance officer contacted the insurance company to determine what was needed and what type of policy had been purchased. When the CAB received the policy, the compliance officer determined that it was an Interflex II Universal Life Policy ("Policy") issued in 1997 to the insured. The Policy was a mortgage protection policy, naming the mortgage company as the beneficiary. Since the mortgage had been completely paid, the widow was entitled to receive the benefits. The widow needed to obtain documents proving that the mortgage had been paid off and no monies were owed. The CAB compliance officer was able to communicate this to the consumer and all needed documents were gathered and submitted to the company. Upon receipt of documentation, the insurance company agreed to pay the death benefit plus any applicable interest required under law to the estate, as there was no beneficiary listed at time of death. The widow was the beneficiary of the Estate, and she selected an Immediate Benefit Account as her method of payment. She received a check within a week of acceptance, allowing her to access life insurance proceeds in the amount of \$78,980.

The table below reports CAB details on complaints received and money recovered during fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Complaints Received	1,038
Dollars Saved/Recovered	\$759,935

Examinations Bureau

The Examinations Bureau reviews insurance company financial statements filed with the Office of Superintendent of Insurance each quarter for the 32 insurance companies domiciled in New Mexico.

The Bureau conducts periodic financial examinations as well as ad hoc specialized market conduct examinations of all insurance companies and agents. The Chief Examiner and Financial Examiner Supervisor coordinate all examinations with a team consisting of certified financial examiners, financial analysts, IT specialists, and actuaries. **The four types of examinations and their frequencies in fiscal year 2020 are listed in the table to the right.**

REPORTING DETAILS	FISCAL YEAR 2020
Financial Examinations	7
Market Conduct Examinations	1
Entrance Examinations	0
Cybersecurity Examinations	4

Financial Audit Bureau

The Financial Audit Bureau is responsible for collecting, processing, and auditing premium tax filings for nearly 2,000 insurance companies that write policies in New Mexico.

All insurers authorized to transact business in New Mexico and all property bondsmen, self-insurers, title companies, and risk retention groups are subject to pay premium taxes on a quarterly basis. The Financial Audit Bureau is also responsible for the collection of fees and assessments.

With the passage of HB 223, the Financial Audit Bureau and all of its revenue collection responsibilities were transferred to the Taxation and Revenue Department (TRD) as of January 1, 2020. OSI, TRD, the Legislative Finance Committee, and the Department of Finance and Administration continue working together on these matters.

REPORTING DETAILS	FISCAL YEAR 2020
Premium Taxes and Surtaxes Collected	\$149,365,233
Assessments	\$2,797,876
Penalties and Fines	\$38,831

Health Policy & Consumer Education Bureau

The OSI Affordable Care Act (ACA) federal grants and memorandum of understanding (MOU) with the New Mexico Health Insurance Exchange expired at various points during fiscal year 2020. While these grants expired, the work conducted under the grants to implement the ACA and oversee healthcare reform continues.

OSI issues regulations and guidance on plan management and health insurance access issues. In carrying out these duties, the Health Policy & Consumer Education Bureau (HPCEB) works closely with OSI leadership and all other bureaus involved in health insurance, providing evidence-based health policy recommendations and decisions, research, consumer education and legislative outreach. The HPCEB is also tasked with developing new initiatives, health policy research projects, and regulatory reviews related to health insurance reform and responding to ongoing, ever-changing federal proposed or implemented changes.

The Bureau furthers health plan regulatory operations within OSI by convening stakeholder committees to draft regulations and discuss policy surrounding such issues as surprise billing by out-of-network providers and creative approaches to stabilizing the individual health market. Discussions have resulted in policy development

including legislation and regulations that protect and expand access for consumers seeking individual and group-sponsored health coverage. Additionally, the Bureau publicized a hearing on network adequacy regulations that aim to update standards for provider access. The proposed regulations will require more transparency and accuracy in provider network reporting.

During the fiscal year, the Bureau has developed or issued regulations on contraception, minimum standards on short-term and limited benefit plans, rules regulating pharmacy benefit managers, and rules regulating the registration of multiple employer welfare arrangements. The Bureau also worked on legislatively mandated data calls or reports on prior authorization and surprise medical billing.



Criminal Division

The OSI Criminal Division takes a multi-dimensional approach to combat insurance fraud, arson, auto theft and other related crimes.

The Division oversees the state's newest addition to the program—the Auto Theft Prevention Authority. The authority is part of the prosecutorial Division of the Insurance Fraud Bureau and the Criminal Investigations section, pursuant to §§59A-16C-1 and -2 NMSA 1978.

The Division and Authority pursues prosecutions, and is also responsible for soliciting, reviewing, and approving anti-auto theft law enforcement plans. It further handles both the solicitation and distribution of grant monies for the implementation of those plans. The Authority has participated in numerous community activities and support operations, including a university internship program and vehicle identification number (VIN) etching events. When appropriate (in light of COVID-19 restrictions), authority staff have traveled around the state assisting agencies with community events.

Representing OSI in criminal and other legal proceedings, the Division remains committed to confronting the problem of insurance fraud, arson, and auto theft in New Mexico. Prevention efforts, investigation, and prosecution of fraudulent insurance acts reduce the number of premium dollars used to pay fraudulent claims. The Division assists with screening cases for possible criminal charges, conducts grand juries and preliminary hearings across the state, and investigates and resolves criminal cases by trial, plea, or other disposition including pre-trial prosecution programs.

The Division is responsible for reviewing and enforcing insurance company anti-fraud plans and the annual collection of fraud assessments. The Division provides updates to the statutorily appointed Anti-Fraud Committee, appropriate legislative interim committees and stakeholders, the Auto Theft Prevention Authority oversight board and the Superintendent.

The table below reports case and prosecutorial details for fiscal year 2020.



REPORTING DETAILS	FISCAL YEAR 2020
Number of Cases	110
Auto Theft Referrals to Legal/Prosecutions	92
Insurance Fraud/ White-collar Referrals to Legal/Prosecutions	63



Investigations Bureau

As the civil enforcement arm of the Office of Superintendent of Insurance, the Investigations Bureau receives complaints received from consumers, state and other non-government agencies, agents, and other organizations.

With probable cause that a statute or administrative code has been violated, the Bureau opens and conducts an investigation. The Bureau reviews allegations of New Mexico Insurance Code violations, gathers documentation, interviews witnesses, and testifies at hearings as needed. Inquiries that warrant discipline or prosecution are then sent to the staff attorneys or referred to the Fraud Bureau.

The table below reports details on investigation referrals and actions taken during fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Investigation Cases/Referrals	264
Referrals to Fraud Bureau/Legal	56
Enforcement Actions Taken	17

Life & Health Product Filing Bureau

The Life & Health Product Filing Bureau reviews for compliance and renders determinations on the rates and coverage provisions filed by insurance entities for products pertaining to health, life, annuities, long-term care, Medicare supplement, credit life and disability filings, and different correlated products.

The Bureau reviews filings where required to determine their compliance with the New Mexico Insurance Code and administrative codes, insurance bulletins, federal regulations, and NAIC guidelines. The review includes forms and rates for federally approved Qualified Health Plans to be offered on and off the Health Insurance Exchange and covering over 170,000 individuals in the individual, small, and large group markets.

As a member of the Interstate Insurance Compact, New Mexico also participates in multi-state reviews of long-term care, life, and annuity product filings. The Life & Health Bureau also makes recommendations for the issuance of regulations and bulletins, and suggests enforcement actions against noncompliant carriers when merited.

The table below reports details on the types of products filed and reviewed during fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Total Products Filed and Reviewed	4,214
Health	1,590
Life	1058
Medicare Supplement	636
Long-Term Care	286
Annuity	437
Multi-Line	189
Credit Life and Disability	18





Managed Health Care Bureau

The Managed Health Care Bureau (MHCB) administers and enforces New Mexico's Patient Protection Act and other healthcare regulations related to commercial managed healthcare insurance and ACA Qualified Health Plans.

The Bureau assists consumers in understanding their rights and appealing matters such as quality of and access to care, premium payments, termination of coverage, as well as claims and benefits denials as they are offered under commercial managed healthcare plans in the state of New Mexico. The Managed Health Care Bureau also assists healthcare providers with issues such as terminations, claims payment, and timely credentialing.

In addition to handling complaints and inquiries from managed healthcare consumers and contracted providers, the Bureau promotes the education of these rights by conducting outreach presentations throughout New Mexico. A special effort has been made on COVID-19 matters.

CONSUMER ASSISTANCE EXAMPLE

In 2019, a consumer seeking assistance with a denial of a request for a left wrist myoelectric prosthesis, filed a complaint with the MHCB. The consumer was appealing an adverse determination by a health plan which had denied the request for a myoelectric prosthesis, claiming the prosthesis should be powered by the consumer's own body (i.e., a standard prosthesis). The plan also disputed whether the myoelectric prosthesis was medically necessary. The consumer was born without a left hand (congenital amputation) and has never had a prosthesis.

Enduring years of additional strain to his right arm, the consumer experienced a rotator cuff injury to his right shoulder. His right shoulder was damaged from overuse and complicated by calcification and impingement syndrome.

He also began to develop problems with the joint injections for the injury. This injury further limited his daily activities and the ability and strength to operate a body-powered prosthesis. After denials by the health plan and an Independent Review Organization, the consumer requested an external review hearing through the MHCb. MHCb received many pages of documents and medical records from the consumer, his provider, and the health plan. A thorough review and investigation of the case was conducted, and the MHCb determined that the criteria for an external review hearing had been met. The Superintendent approved the MHCb's recommendation and ordered an external review hearing. Prior to the hearing, the MHCb scheduled a settlement conference with the consumer, his team of providers, and the health plan.

During the settlement conference, the consumer expressed the difficulties he has faced his entire life living without a left hand. He explained that the years of overuse of his right arm has caused him to lose strength and the ability to do things he was once able to do for himself. With OSI counsel, MHCb staff worked with the consumer and his team of providers and was able to demonstrate to the plan that the myoelectric prosthesis would best fit the needs of the consumer. The team of providers informed the health plan that the consumer would also function better in terms of his vocational demands, and would enjoy better standing and walking balance with the myoelectric prosthesis. The plan reversed its denial, approving authorization for the myoelectric prosthesis.

The table below reports MHCb details on complaints and money recovered during fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Total Grievances/Inquiries	420
Dollars Saved/Recovered	\$328,523

Patient's Compensation Fund

While its primary function is the regulation of insurance, the Office of Superintendent of Insurance also administers the Patient's Compensation Fund (PCF).

The PCF is a medical malpractice insurance risk-assuming function mandated by the Medical Malpractice Act that pays judgments and settlements rendered on behalf of medically injured patients. In 2020 several actuarial studies of the PCF were ordered and the OSI began an examination of the current Medical Malpractice Act with stakeholders.

Producer Licensing Bureau

The Producer Licensing Bureau licenses nearly 200,000 insurance professionals as well as non-risk-bearing insurance entities.

The Bureau processes licensing for insurance agents, agencies, brokers, adjusters, third party administrators, consultants, bail bondsmen, solicitors, and motor clubs, as well as limited license insurance vendors such as cellphone retailers and travel agents. The Bureau determines the qualifications and eligibility of applicants, approves pre-licensing and continuing education courses, tracks continuing education credits, and processes license applications, renewals, and the appointment of agents by insurance companies. Additionally, the Bureau certifies the New Mexico Health Insurance Exchange enrollment counselors, receiving verification of background checks and required training.

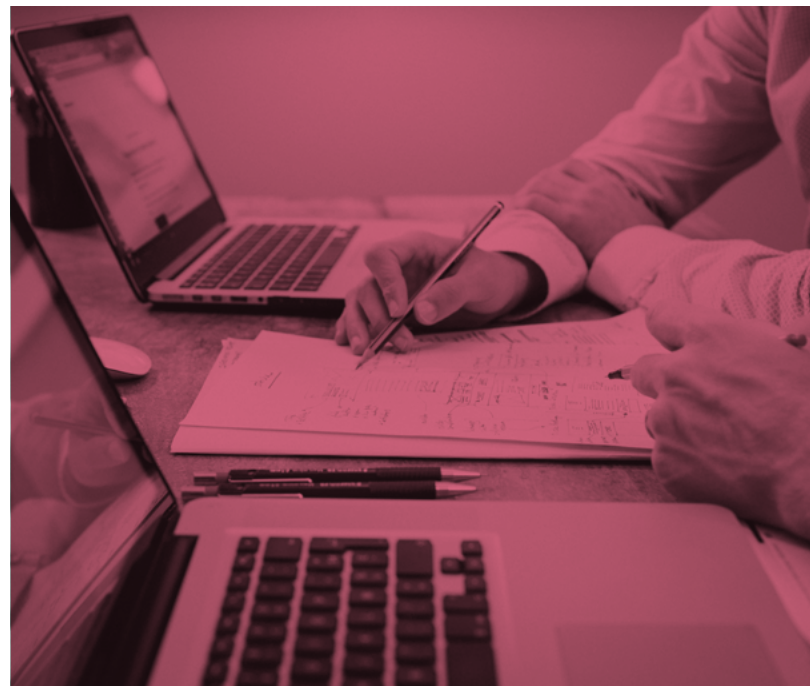
Licensees may now print their licenses online and the Bureau no longer needs to deliver certificates by postal service, reducing labor and expenditures for both the agency and licensees. Finally, the Product Licensing Bureau successfully transitioned in the past year from employing one examination

vendor to another without causing delays or downtime for any license seekers. The new vendor offers more out-of-state testing centers, making testing more convenient for candidates.

CONSUMER ASSISTANCE EXAMPLE

The Producer Licensing Bureau received an application for licensure from a New Mexico resident. Part of this licensing process is to complete a background investigation, with which the applicant complied. Due to “hits” identified in the background check, the applicant was required to provide further information and complete additional forms. With the help of the Producer Licensing Bureau, the applicant was able to provide proof of her rehabilitation and demonstrate her ability to overcome significant personal challenges and adversity. She had overcome enormous odds in her life and, after receiving her license, she has reported success in her new career. She recently reached out to Producer Licensing with the following statement:

"THANK YOU SO SO
MUCH... I AM TRULY
GRATEFUL FOR
EVERYTHING YOU AND
YOUR DEPARTMENT HAVE
DONE FOR ME—FROM
THE FIRST CONTACT
WITH YOUR EMPLOYEES
TO CONVERSATIONS AND
HELP FROM YOU. I HAVE
WORKED SO HARD TO
CHANGE MY LIFE."



The table below reports details on licensing, appointments, and educational tracking in fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Total Active Licenses in New Mexico	198,768
Company Appointments	151,700
Company Appointment Cancellations	92,308
Producer Licenses Issued	138,793
Affiliation Transactions	3,309
Continuing Education Transactions	4,656
Continued Education Courses Approved	2,886
Business Entity Licenses Issued	6,240

Property & Casualty Product Filing Bureau

The Property & Casualty Product Filing Bureau reviews and renders determinations on the rates and coverage provisions filed by insurance companies for products pertaining to automobile, homeowners, workers' compensation, medical malpractice, and other assorted products.

The Bureau approves or disapproves such filings based on their compliance with the state insurance statutes, regulations, and bulletins, and OSI policies and procedures.

Additionally, the Workers' Compensation Unit, a Division of the Property & Casualty Product Filing Bureau, monitors the New Mexico Workers' Compensation Assigned Risk Pool, handles complaints by employers regarding their workers' compensation class code assignment and premiums, oversees the Safety Bonus Program, and represents the OSI in other matters relating to Workers' Compensation.

The table below reports details on property and casualty product filing in fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Policies in Assigned Risk Pool	1,725
Inquiries Received	5
Formal Complaints	3

Title Insurance Bureau

The Title Insurance Bureau regulates the title insurance industry through ratemaking and rulemaking hearings held every odd-numbered year. The Bureau collects and analyzes annual title agent and underwriter statistical reports, as well as agent audit procedures, and annually assesses the title insurers based on annual budget and maintenance needs.

Periodically, the Bureau performs onsite title plant inspections, affiliations, appointments, bank reconciliations, no-pay no-service documentation, and premium calculations.

The Bureau also conducts investigations of marketing compliance with title insurance regulations. The Bureau regulates more than 70 licensed title insurance agents and underwriters in New Mexico and investigates complaints, allegations of defalcations, marketing non-compliance, and other infractions by title agents and insurers. The Bureau also coordinates with the Investigation and Fraud Bureaus for appropriate enforcement actions.

The table below reports details of Title Insurance Bureau activities during fiscal year 2020.

REPORTING DETAILS	FISCAL YEAR 2020
Penalties Assessed/Received	500
Inquiries Received	223
Inspections Performed	35
Complaints Received	7

Revenues & Distributions

The Office of Superintendent of Insurance collected over \$226 million in annual revenues in fiscal year 2020.

Revenues decreased by approximately \$158 million due to the transfer of premium taxes, fines and penalties, surplus line taxes, and insurance premium surtaxes to the Taxation and Revenue Department on January 1, 2020.

The following OSI operations receive dedicated funding:

1. The Patient's Compensation Fund (PCF) is funded by over \$41 million of annual surcharges levied on healthcare providers who obtain medical malpractice coverage from the PCF. These funds pay judgments and settlements rendered on behalf of medically injured patients as well as the PCF's operating expenses. Funding provides for two PCF FTE positions and covers a small portion of the salary for an Actuary and IT staff, as well as contracted professional services and OSI resources used in relation to the PCF.
2. The Insurance Fraud Fund is funded through assessments associated with the premium taxes levied on authorized insurers. This fund pays for the operations of the OSI's Insurance Fraud Bureau, along with providing support to Insurance Operations for administrative costs.
3. The Title Maintenance Fund is funded by assessments levied on title insurers. This fund pays for the OSI's Title Insurance Bureau, along with supporting administrative costs for Insurance Operations.

In addition to the funding sources above, OSI budgeted about \$334,000 in federal grants during fiscal year 2020 that were primarily dedicated to the implementation and aspects of the Affordable Care Act (ACA) in New Mexico. Additionally, about \$247,000 was awarded from a MOU with the New Mexico Health Insurance Exchange.

Below are lists of revenue sources and funding distributions for OSI.

REVENUE SOURCES	DISTRIBUTIONS & TRANSFERS
Licenses, Renewals, and Appointments	State General Fund
Premium Taxes and Surtaxes	Fire Protection Fund
Fines, Penalties, and Assessments	Law Enforcement Protection Fund
Surplus Line Taxes	Carrie Tingley Fund
Patients' Compensation Fund	Insurance Operations Fund
Continuing Education Filing Fees	

Revenues Processed

FISCAL YEARS (FY) 2018 - 2020

TYPE OF REVENUE	FY 2018	FY 2019	FY 2020
Licenses, Renewals, Appointments	\$28,159,265.37	\$25,606,828.77	\$29,646,718.56
Premium Taxes	\$284,290,837.69	\$253,575,052.62	\$126,065,922.90
Fines & Penalties	\$765,713.64	\$92,941.57	\$38,831.04
Surplus Lines Taxes	\$3,837,320.55	\$4,328,300.75	\$2,667,958.54
Insurance Premium Surtaxes	\$49,700,283.83	\$55,419,567.01	\$23,299,311.02
Assessments	\$3,021,717.18	\$2,713,628.36	\$2,796,038.11
Patient's Compensation Fund	\$38,065,295.60	\$42,989,673.88	\$41,932,369.68
Continuing Education	\$242,160.00	\$112,938.25	\$232,616.00
Miscellaneous	\$1,150.75	\$16,309.50	\$15,039.89
TOTALS:	\$408,083,744.61	\$384,855,240.71	\$226,694,805.74

Note: On January 1, 2020, responsibilities for collection of Premium Taxes transferred to Tax and Revenue Department.

Insurance Nominating Committee

New Mexico Insurance Nominating Committee

The New Mexico Insurance Nominating Committee was created by Laws 2013, Chapter 74 to appoint and, if necessary, remove the Superintendent of Insurance.

The Committee consists of four members appointed by the Governor, four members appointed by the New Mexico Legislative Council, and a ninth member appointed by the other eight committee members.

During fiscal year 2020, the Insurance Nominating Committee met five times. Meetings were held to discuss candidates for Superintendent, selection of candidates to interview, and for official appointment of the new Superintendent.

Mileage and per diem costs for the committee is funded through the OSI's budget, and administrative support is provided by Office of Superintendent of Insurance staff.

The members of the Insurance Nominating Committee are:

DIANNE DENISH
Committee Chair

DOUGLAS R. PERKINS
Vice Chair

JENNIFER FORD

DAVID HUNTON

SCOTT YURCIC

BENNY HODGES

PATRICIA GREENE WILLIAMS

ALLEGRA CARROLL CARPENTER

GEOFFREY R. ROMERO

STATE OF NEW MEXICO
OFFICE OF SUPERINTENDENT OF INSURANCE

DEPUTY SUPERINTENDENT

Robert E. Doucette, Jr.



GENERAL COUNSEL

Bryan E. Brock

SUPERINTENDENT OF INSURANCE

Russell Toal

Closing Remarks

The Office of Superintendent of Insurance has made significant strides towards improving the structure, procedures, and technology within our agency. Our personnel continue to operate with the utmost professionalism, working to serve the consumers of New Mexico with pride and dedication.

During this last fiscal year, the agency found transgressions both large and small, and staff actions resulted in over \$93 thousand in fines and penalties, and millions in funds saved, recovered and resolved for New Mexicans, including more than \$67 million in auto insurance discounts alone. This is just one of the important ways that the agency continues to work to protect the consumers and service providers of New Mexico.

Agency personnel diligently monitor the insurance industry in New Mexico, analyzing trends and implementing changes, as appropriate, to improve insurance experiences in the state, and continue to expand our advisory committees to keep communication lines open with our stakeholders. Our bureaus remain dedicated to improving the effectiveness and efficiency of our internal procedures and work diligently to analyze areas for improvement.

The Office of Superintendent of Insurance looks forward to the new opportunities in insurance regulation in the coming years, ready to face any challenges with a team that is eager to continue our commitment to the residents and businesses of New Mexico.

With regards,

A handwritten signature in black ink, appearing to read 'Russell Toal', is positioned above the printed name.

RUSSELL TOAL, MPH
Superintendent of Insurance



Office of Superintendent of Insurance **Annual Report 2020**

RUSSELL TOAL, SUPERINTENDENT



1120 Paseo de Peralta, Santa Fe NM 87501

+1 855 4 ASK OSI | 505 827 4601

www.osi.state.nm.us