



STUDY ARTICLE 1.0

(Relating to Section 1.0 of the OSI Licensing Exam)

1.0 Insurance Regulation (Overview)

In New Mexico, all matters dealing with insurance are covered in Chapter 59A of the Statutes known as the Insurance Code. The laws are administered by the Office of the Superintendent of Insurance, and the rules are defined in the NMAC (New Mexico Administrative Code)

The law provides that *all insurers, insurance agents and insurance producers shall be licensed in order to operate and do business legally*. Licensing is a way for the OSI to ensure that the companies and people who serve the general public in matters of insurance are knowledgeable and qualified to perform their duties and functions, and so to properly protect consumers.

The OSI has a separate Bureau for Title Insurance to oversee our industry, and they promulgate the rules, forms and rates we use in our day-to-day operations. Texas and New Mexico are the only states with such rules and regulations, and in terms of the products we can offer to consumers, and the prices we can charge, the title insurance companies all start on a level playing field. In this arena, “service” is what sets a company (or individual) apart from others, and better service is a benefit to consumers – which is always a main goal of the OSI.

We recommend that you **read and study** the applicable statutes and rules when preparing for your license exam. You can use this website to review and study the statutes:

<https://law.justia.com/codes/new-mexico/2021/chapter-59a/>

Article 2 – Office of the Superintendent of Insurance

Article 11 – Licensing

Article 12 – Insurance Producers

Article 30 – Title Insurance

Article 30A – Title Insurance Guaranty

OSI (Licensing Overview)

The OSI is charged with controlling and overseeing the Insurance industry in New Mexico, including Title Insurance. They require and enforce the licensing of Title Agents (companies) and Producers (Title Officers, Escrow Officers, etc.) In order to issue title insurance policies, a title company must be licensed in each County where they intend to operate. This requires having and maintaining access to a computerized title plant (copies of County records, etc.) indexed by property location, with a minimum of 20 years of records. It also requires that the company have at least one licensed title producer appointed by an approved title insurer (underwriter) in order to operate as a Title Agent.

All licenses are effective for a limited number of years, and must be renewed to maintain compliance. The compliance period for insurance producers is two years, and there are requirements that need to be met during each 2-year compliance cycle in order to get a license renewed. Producers are required to receive 10 hours of approved Continuing Education classes during each two-year compliance cycle, and to pay the license renewal fee within 30

days of the end of current compliance period. Title plants and operations are periodically inspected by the OSI to maintain and approve a title company license.

It is not required that you have a license to work in the title industry, but if you wish to pursue a career that includes issuing (signing your name to) title commitments and policies, or closing real estate transactions, you will need to pass the licensing exam, obtain your license, and be appointed by an underwriter. There is a high level of responsibility associated with this position, and the industry rightly requires that the duties be carried out by knowledgeable people.

OSI (Rules, Rates, Forms Overview)

As stated earlier, in New Mexico there are rules and regulations for all insurance. The “regulations” are the statutes that dictate what we are required to do in the operation of our business, and the “rules” are the NMAC (New Mexico Administrative Code) that spell out how we make use of the various forms used for title insurance, and what fees we can charge to issue them.

As a licensed title insurance agent, you will be required to know the ins and outs of all the NMAC rules that apply to the job you perform at your company. Currently the NMAC rules can be found on the OSI website, here:

<https://www.srca.nm.gov/nmac-home/nmac-titles/title-13-insurance/>

The rules cover, among other things, the requirements necessary to issue each of the promulgated title insurance products available in NM, the premium that is to be collected, and whether there is a discount that may apply to the premium, etc.

It is recommended that in preparation for taking your licensing exam, you spend a considerable amount of time studying the NMAC rules. This will help you to become familiar with looking up rules for a particular situation, what types of rules fall under which category, etc. The test will likely have questions pertaining to the following rules:

13.14.3.8 – Gross negligence, disregard of written instructions, unfair trade practices

13.14.3.13 – Charges to be made for all services

13.14.4.8 – Failure to act as fiduciary

13.14.3.1 – Consumer information privacy

13.14.16.8 – Reporting requirements

13.14.17.8 – Examination of books and records