



**State of New Mexico**  
**OFFICE OF THE STATE AUDITOR**

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**State Auditor Tim Keller Moves to Halt Health Insurance Extraordinary Dividends**  
*Calls on Office of Superintendent of Insurance to suspend dividend approvals until audit is complete*

SANTA FE, NM – State Auditor Tim Keller has called on the Office of the Superintendent of Insurance (OSI) to halt the approval of “extraordinary dividend” payments for health insurance companies until issues involving potential underpayments of premium taxes are resolved. For example, despite current concerns about money that may be owed to the State of New Mexico, companies, including Presbyterian and Lovelace, have had approved dividends of more than \$100 million. The Office of the State Auditor (OSA) is conducting an ongoing audit to get to the bottom of questions about the amount of premium taxes owed by numerous health insurance companies.

Like other businesses, insurance companies pay dividends to their stockholders such as individual investors and parent holding companies. Dividends paid by New Mexico insurance companies are scrutinized by the Office of the Superintendent of Insurance so the state can make sure companies will still have the financial capacity to pay claims to New Mexicans.

“At this time insurance companies doing business in New Mexico must ensure they are settled up and solvent before sending dividends out of state or shielding it from the state,” stated State Auditor Tim Keller. “Despite the fact that health insurance companies may owe millions in under-collected premium taxes, the state has been allowing them to drain millions of dollars that may be needed for settlements. It’s prudent to put the brakes on this until we get to the bottom of what taxpayers are owed.”

The following is a timeline of events:

- 2014: Legislature appropriated funds for an audit of OSI’s premium tax collections practices (Phase I audit).
- October 2015: Presbyterian requested to pay \$78 million in dividends despite an estimated premium tax liability of \$60 million due at the time. OSI approved the request.
- 2016: Phase I audit found \$193 million in possible premium tax underpayments by insurance companies based on sample testing alone. Auditor Keller initiated a Phase II audit to resolve the specific potential tax liability of health insurance companies.

- May 2017: Presbyterian requested to pay \$46 million in dividends. OSI approved the request.
- June 2017: Auditor Keller instructs Superintendent of Insurance to disapprove any further requests for extraordinary dividends until questions regarding premium tax collections are resolved in the ongoing audit.
- July 2017: New Mexico Attorney General files suit against the state's largest carrier for possible fraud.

You can find the previous Insurance Audit press release here:

[https://www.saonm.org/media/news\\_pdf/11-30-16\\_OSA\\_designates\\_OSI.pdf](https://www.saonm.org/media/news_pdf/11-30-16_OSA_designates_OSI.pdf)

*The Office of the State Auditor helps government work better by providing transparency and accountability for government spending; informing policy choices; and tackling fraud, waste and abuse. OSA is an independently elected executive agency responsible for examining the use of public dollars in New Mexico.*

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