

## State auditor initiates special audit to review tax underpayments

Written by Staff Reports  
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### Focus: Office of the Superintendent of Insurance

SANTA FE – State Auditor Tim Keller announced Nov. 30 that the Office of the State Auditor outlined a plan for the resolution of longstanding questions about revenue collection at the Office of the Superintendent of Insurance.

The plan includes the initiation of an in-depth audit, to be conducted by an independent firm, to determine amounts that may be owed to the state. The plan also includes recommendations for multiagency coordination for oversight of the audit findings and responsibilities for any settlement claims.

Earlier this year, auditors reviewed a sample of OSI records and revealed shortcomings with respect to OSI premium tax collection procedures, indicating that the state may be owed hundreds of millions of dollars.

Since then, OSI has attempted various methods to determine specific amounts due and eventually requested further assistance from oversight agencies.

Under the plan, OSA will work with the Legislative Finance Committee, the Department of Finance and Administration, and OSI to assist the agency in establishing processes for appropriately calculating and collecting any past underpayments of premiums taxes from insurance providers.

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“This fall, we shined a bright light on longstanding questions about whether our state is collecting the revenue it is owed,” State Auditor Tim Keller said. “Rather than waiting and debating, it’s time we step up and help OSI to get to the bottom of it. The stakes could be very high, possibly amounting to hundreds of millions due, as well as possible litigation. The aim of this audit is to come up with defensible calculations in a timely manner so we can do what’s right for New Mexicans and put this issue to rest.”

The State Auditor’s Office has taken the following steps:

- Mandated a special audit of OSI to develop procedures for calculating historic premium tax liability that can be used to assess any past shortfalls in revenue collection. The OSA will work with LFC, DFA, and OSI to determine the scope of work, time period, and companies to be examined.
- Requested that the Office of the Attorney General handle any related civil or criminal investigations, and approve any proposed settlements with premium taxpayers before such settlements are made with OSI.
- Worked cooperatively with other oversight agencies (LFC and DFA) throughout the process. Provided periodic stakeholder updates as appropriate to ensure accountability and timeliness throughout the process.