

# New Mexico FAIR Plan Update

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Presented by: Alice Kane, Superintendent of Insurance  
Office of Superintendent of Insurance

Water and Natural Resources Committee  
07/02/2025

# New Mexico Legislative History of the FAIR Plan Act (Fair Access to Insurance Requirements)

- **1969:** FAIR Plan Act Originally enacted in New Mexico in 1969 because of Title XI of the Housing and Urban Development Act of 1968, Public Law 90-448, 90<sup>th</sup> Congress, August 1, 1968, a response to the Watts riots in Los Angeles, CA in 1965. See Laws of 1969, Ch. 238, SB No. 211, Approved April 3, 1969.
- **1978-1984:** The FAIR Plan Act was amended or extended in 1978, 1979, 1981, 1982, 1984.
- **1985:** The current version of the FAIR Plan Act enacted in 1985, certain sections of the 1984 Act were repealed, including section on allowing recoupment by insurers.

❖ A residual market is a “market of last resort” established to provide access to insurance to people unable to obtain insurance in the voluntary market

# Primary Carriers accelerated non-renewals in 2023 in wildfire

County	2021	2022	2023	% Change 2023	Q1 and Q2 2024	Total
Bernalillo County	681	527	1,492	183%	763	3,463
Santa Fe County	151	206	377	83%	147	881
Sandoval County	199	154	362	135%	156	871
Douglas County	173	131	288	120%	137	729
Lincoln County	54	59	326	453%	34	473
San Juan County	94	83	172	107%	132	481
Valencia County	75	67	172	157%	118	432
Otero County	82	91	131	44%	80	384
Chaves County	85	36	122	239%	73	316
Lea County	55	43	118	174%	40	256
Subtotal	1,649	1,397	3,560	155%	1,680	8,286
All Other Counties	576	510	798	56%	399	2,283
Statewide	2,225	1,907	4,358	129%	2,079	10,569

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Superintendent  
issues an Emergency  
Order to stabilize the  
insurance market  
during the  
Salt/Southfork fires

- Emergency Order 2024-0051 (Lincoln and Mescalero Apache Reservation):
- Protect access to insurance and the stability of insurance markets in fire emergencies, requires:
  - Grace periods for payment of insurance premiums and performance of other duties by insureds
  - Refund of premiums
  - Waiver of cost sharing or deductibles
  - Temporary postponement of cancellations and non-renewals
  - Reporting requirements for claims

# Recent Timeline of the New Mexico FAIR Plan

2022 Acting Superintendent Catechis request changes to the Plan

- Increase coverage amounts from \$250,000 to \$350,000
- Requested to add a Consumer Advocate and Representative of OSI (Previous Governing Committee was 100% industry controlled)

Plan re-evaluates premium rates

- Actuarial report Indicated 20% premium increase and Governing Committee takes 9.7% increase

2023 Eastern side of the state is hit with catastrophic hail and wind

- Industry assessed- \$2.5 million to meet claim needs

2024 Salt/South fires hit Ruidoso

- Rough estimate of \$5 million of damage
- Industry assessed \$8 million to allow for claim needs and provide a reserve for the “Plan”

# Recent Timeline of the New Mexico FAIR Plan

August 2024 Governing Committee receives a letter from Representative Vincent requesting \$750,000 in property coverage due to lack of insurance availability

September 2024 Superintendent attends Governing Committee Fall meeting

- Discusses necessary changes to plan
- \$1 million coverage for residential
- \$5 million commercial coverage
- Mitigation requirements - per IBHS standards
- Changes to Governing Committee

October 2024 Superintendent offers PowerPoint presentation requesting necessary changes

- Governing Committee responds and says it does not view PowerPoint presentation as written request

November Superintendent sends another written proposal to the Governing Committee

December Governing Committee has not answered request and is said to be waiting for a report from Guy Carpenter to show financial impact of increased residential coverages. The report was received and not reviewed by the Governing Committee until January meeting

January 2025 - Superintendent begins legislative process

- Senate Bill 81 introduced

# Legislative actions on SB81

Sponsors: SB 81 had bipartisan sponsors from key impacted areas.

- Senate Majority Leader Peter Wirth (D-Santa Fe)
- Representative Harlan Vincent (R-Lincoln & Otero)
- Representative Anita Gonzales(D- San Miguel & Torrance)

## Legislative Actions:

- SB 81 was heard in **the Senate Taxation, Business & Transportation Committee** on February 7, 2025
  - It passed the committee with a 7-3 vote.
- SB 81 was heard in the **Senate Finance Committee** on February 19, 2025
  - It passed the committee with a 7-4 vote.
- SB 81 was heard in the **Senate** on March 8, 2025 (Superintendent signs provisional approval for \$750,000 residential coverage)
  - It passed with a vote of 34-1
  - ***All members that voted against the bill in committee voted in favor on the Senate Floor.***
- SB 81 was heard in **House Judiciary Committee** on March 17, 2025
  - Representative Vincent introduced an amendment that was adopted by the committee.
  - However, the bill was ultimately tabled by the committee by a vote of 7-4.

# Current Goals and Discussions: Progress relating to the FAIR plan


- 1<sup>st</sup> meeting called by Superintendent including Chair, Counsel, and Executive Director (04/21/25)
  - Discussion: with deliverables
    - Commercial Limits- Superintendent requested the Plan to gain financial impact report from Guy Carpenter
    - Actuarially sound premiums-Governing Committee was asked to provide actuarial support for rate increases that were filed (Filing rejected due to lack of requested information)
    - Mitigation-Governing Committee will create a mitigation subcommittee
    - Changes to governing committee-FAIR plan to consider requested changes
- 2<sup>nd</sup> Governing Committee meeting called by Superintendent (05/21/25)
  - Information provided by Guy Carpenter
    - State of the Market, wildfire coverage, & catastrophe models, State mitigation Investments
  - IBHS mitigation education by Michael Newman- General Counsel of IBHS
  - Governing Committee composition to include expertise related to catastrophic exposure, actuarial, and finance while residing out of state, industry will still retain majority control
  - Waiting on Guy Carpenter study to raise commercial coverage to \$2 million – Report was due June 19, 2025
- Proposal sent to Governing Committee with requested changes (06/09/25)
  - Received a response back on 06/19/25 with no actions other than offering to add an additional consumer representative appointed by the Superintendent.
- Superintendent calls 3<sup>rd</sup> meeting (07/07/25)
  - Requesting to see Guy Carpenter report on commercial exposure, Resumes of the Governing Committee before the July 7, Governing Committee meeting.



HB 2-\$10  
Million  
To the New  
Mexico Fair  
access to  
insurance  
requirements  
program for  
mitigation



- OSI is currently working with Brian Powell, creator of Strengthen Alabama grant program
- Researching other State grant programs/documents
- Developing program considerations for approval processes and procedures



# \$2 Million Allocation: Study of the Fire Insurance Market

Mapping to identify areas best suited for mitigation on the State, Community and Individual home levels

Data Call to provide updated current industry information including non-renewals and premium costs

Market research poll to understand information about uninsured properties in New Mexico