

LFC Requester:

Austin Davidson

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to billanalysis@dfa.nm.gov*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 1-29-2026

Check all that apply:

Bill Number: HB204Original Correction Amendment Substitute Sponsor: Anita GonzalesAgency Name
and CodeOffice of superintendent of
Insurance-440WILDFIRE RISK
INSURANCE MODELS AND

Number:

Person Writing

Melissa Robertson

Short

UNDERWRITINGEmail Melissa.robertson@osi

Title:

Phone: 505-670-2704 : .nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|------------------|
| FY26 | FY27 | | |
| \$0 | \$0 | N/A | N/A |
| | | | |

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY26 | FY27 | FY28 | | |
| \$0 | \$0 | \$0 | N/A | N/A |
| | | | | |

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|------|------|----------------------|------------------------------|------------------|
| Total | | \$85 | \$85 | \$170 | Recurring | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This bill would create a new section in the Insurance Code. The law requires property insurance companies who use a wildfire risk model or a catastrophe model or a scoring method to assign property coverage risk must provide to the Superintendent of Insurance the models or scoring methods used to assign risk, including descriptions of the models on premium rates, an actuarial justification for all rating factors including wildfire mitigation discounts offered, and an explanation of how the models or methods are used in underwriting decisions.

Section 1, subsection J of HB204 provides that this requirement would apply “only to homeowners insurance policies and property insurance policies covering residential condominium units and multifamily residential housing as provided in the Insurance Code.”

Section 1, subsection K of HB204 authorizes the Superintendent to promulgate rules to implement the provisions of this section, including rules on required discount ranges for full and partial mitigation in accordance with insurance institute for business and home safety standards.

If enacted, HB204 would apply to insurance filings and insurance policy applications, renewals and surcharges after June 30, 2026.

FISCAL IMPLICATIONS

OSI would need an additional Compliance Officer in the Property and Casualty Division to handle the increase in form filings as required by statute.

SIGNIFICANT ISSUES

The law does not address what discounts would apply to homes that are not able to obtain IBHS standards, such as historic properties.

California currently mandates mitigation discounts where State Farm offers up to 8% for individual properties and 2% for community level mitigation. The discount amounts in New Mexico would vary by geography and company but would be in a similar range in wildfire prone areas of the state.

The law does not address an insurer’s disclosure of the use of artificial intelligence or machine learning when invoking the models or methods to make underwriting decisions.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS