

LFC Requester:

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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: 1.29.26

Check all that apply:

Bill Number: HB 204Original Correction Amendment Substitute Sponsor: Alan T. MartinezAgency Name NM Department of Homelandand Code Security & EmergencyNumber: Management-79500Short WILDFIRE RISK INSURANCEPerson Writing Amber GonzalesTitle: MODELS & UNDERWRITINGPhone: 505-487-6692 Email Amber.gonzales@dhsem.nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
\$0	\$0	NA	NA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
\$0	\$0	\$0	NA	NA

(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						

(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: House Bill 204 enacts new requirements governing the use of wildfire risk models, catastrophe models, and scoring methods by insurers underwriting homeowners and certain residential property insurance policies. The bill requires insurers that use wildfire risk models to submit detailed information to the superintendent of insurance as part of rate filings, including descriptions of the models, their impact on rates, actuarial justifications, and the treatment of mitigation measures.

HB 204 requires insurers to account for property-specific and community-level wildfire mitigation actions in underwriting and pricing or to provide premium discounts when such mitigation actions are demonstrated. The bill establishes disclosure and notice requirements, including providing policyholders with wildfire risk scores, explanations of how scores are determined, available mitigation discounts, and appeal rights. The superintendent of insurance is directed to promulgate rules to implement these provisions. The bill applies to insurance filings and policies issued or renewed after June 30, 2026, and becomes effective July 1, 2026.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

The bill increases transparency and regulatory oversight of wildfire risk modeling used in residential insurance underwriting. By requiring consideration of mitigation actions and providing appeal mechanisms, the bill may affect insurer underwriting practices and premium structures. The bill also raises considerations regarding the protection of proprietary modeling information, which is addressed through trade secret protections.

PERFORMANCE IMPLICATIONS

Concerning performance implications related to homeowners' insurance underwriting and the use of wildfire risk models, consideration should be given not only to community-level mitigation activities and Community Wildfire Protection Plans (CWPPs) but also to FEMA-approved Hazard Mitigation Plans (HMPs).

ADMINISTRATIVE IMPLICATIONS

Administrative responsibilities created by the bill rest with the Office of the Superintendent of Insurance.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 204 relies on the recognition of property-specific and community-level mitigation actions in the use of wildfire risk models for residential insurance underwriting. These mitigation concepts are consistent with the wildfire preparedness standards, certification programs, and community-level mitigation measures established under the Wildfire Prepared Act enacted in SB 33 (2025), which emphasize defensible space, structure hardening, and science-based wildfire risk reduction at both the individual property and community levels.

TECHNICAL ISSUES

HB 204 contains detailed requirements related to risk modeling methodologies, mitigation standards, and disclosure timelines, which may require rulemaking and ongoing regulatory oversight by the Office of the Superintendent of Insurance.

OTHER SUBSTANTIVE ISSUES

HB 204 increases transparency and consistency in how insurers use wildfire risk models for homeowners' insurance by requiring recognition of property-level and community-level mitigation efforts. This encourages insurers to account for mitigation activities while providing clear notice and appeal processes. This bill may also help to reduce the risk of homes becoming uninsurable, support homeowner access to insurance, and stabilize insurance availability in high-risk areas. The bill may also reinforce the value of community wildfire mitigation and improved ISO (Insurance Services Office) ratings, which can positively affect insurance affordability and fire protection funding.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS