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HOUSE BILL 204

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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AN ACT

RELATING TO INSURANCE; PROVIDING FOR WILDFIRE RISK MODELING AND
UNDERWRITING GUIDELINES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the New Mexico Insurance Code
is enacted to read:

"[NEW MATERIAL] HOMEOWNERS INSURANCE--UNDERWRITING--
WILDFIRE RISK MODELS--REQUIREMENTS--RULES--DEFINITIONS.--

A. An insurer that uses a wildfire risk model,
catastrophe model or scoring method to assign risk shall
provide to the superintendent, as a part of the insurer's rate
filing, the wildfire risk model, catastrophe model or scoring
method used to assign risk, including a description of the
model, the impact of the model on rates, an actuarial
justification for all rating factors, including mitigation

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1 discounts offered, and an explanation of the use of the model
2 or method in underwriting decisions.

3 B. To the extent data is available and as required
4 by rule, an insurer shall submit to the superintendent, as part
5 of the insurer's rate filings, information on how and whether
6 the models or methods used for underwriting and rating account
7 for statewide mitigation activities, such as forest treatment,
8 investments in wildfire fighting and mitigation equipment and
9 utility wildfire mitigation activities, undertaken pursuant to
10 a wildfire mitigation plan approved by the superintendent.

11 C. Models and methods submitted to the
12 superintendent pursuant to this section shall be treated as
13 trade secrets and not subject to disclosure pursuant to the
14 Inspection of Public Records Act.

15 D. An insurer that uses a wildfire risk model, a
16 catastrophe model or a combination of models shall ensure that
17 the following factors are either incorporated in the wildfire
18 risk model, catastrophe model or combination of models or are
19 otherwise demonstrably included in the insurer's underwriting
20 and pricing:

21 (1) property-specific mitigation actions, such
22 as establishing defensible space, incorporating building
23 hardening measures or receiving certification from a person
24 with expertise in mitigation of properties against wildfire;
25 and

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1 (2) community-level mitigation activities or
2 designations, including forest treatment and other fuel
3 reduction activities.

4 E. If an insurer does not incorporate property-
5 specific and community-level mitigation actions into its
6 models, the insurer shall provide discounts to policyholders
7 who can demonstrate that property-specific mitigation actions
8 have been undertaken on the property to be insured or
9 community-level mitigation actions have been undertaken in
10 sufficient proximity to that property to reduce the risk of
11 loss.

12 F. An insurer shall post on its website readily
13 accessible information on the premium discounts or incentives
14 or other premium adjustments that are available to
15 policyholders who undertake property-specific mitigation
16 actions or provide evidence of community-level mitigation
17 actions and the process for appealing a wildfire risk score.
18 The website shall identify, as applicable:

19 (1) property-specific mitigation actions for
20 the policyholder to undertake and community-level mitigation
21 actions that could result in a discount, incentive or other
22 premium adjustment; and

23 (2) the amount of the discount, incentive or
24 other premium adjustment associated with each action.

25 G. An insurer that provides a mitigation discount

1 or that uses a wildfire risk model or risk score to underwrite,
2 nonrenew, price, create a rate differential or surcharge the
3 premium based upon the policyholder's or applicant's wildfire
4 risk shall provide an annual written notice to each
5 policyholder or applicant upon application for property
6 insurance of the applicable mitigation discounts, the wildfire
7 risk score and any other wildfire risk classification used by
8 the insurer to underwrite, nonrenew, price, create a rate
9 differential or surcharge the premium based upon the
10 policyholder's or applicant's wildfire risk. The notice shall
11 include:

12 (1) a plain-language explanation of the
13 wildfire risk score or other wildfire risk classification,
14 including an explanation that insurers may use different models
15 and have different risk score ranges that could result in
16 different risk scores from other insurers;

17 (2) the range of the scores or classifications
18 that could potentially be assigned to the property;

19 (3) the relative position of the score or
20 classification assigned to the property to be insured within
21 that range of possible scores or classifications provided by
22 the insurer's risk model;

23 (4) a written explanation of why the
24 policyholder or applicant received the assigned score or
25 classification that identifies the primary features of the

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1 property to be insured that influenced the assignment of the
2 score or classification; and

3 (5) the impact, if any, that each property-
4 specific mitigation or community-level mitigation action could
5 have on a wildfire risk score or classification assigned to the
6 property to be insured.

7 H. The insurer shall provide the wildfire risk
8 score or classification to the policyholder or applicant:

9 (1) for applicants, no later than fifteen days
10 after the submission of the applicant's completed application
11 to the insurer;

12 (2) for policyholders, in an offer of renewal;

13 (3) for policyholders that are not being
14 offered a renewal, with the nonrenewal notice; and

15 (4) for a policyholder or applicant, if the
16 policyholder or applicant has completed a property-specific
17 mitigation action or provides evidence of a community-level
18 mitigation action in sufficient proximity to the property to be
19 insured to reduce the risk of loss since the time of the last
20 application to or renewal by the insurer, no later than thirty
21 days after the submission to the insurer of the policyholder's
22 or applicant's request that the insurer provide a revised
23 wildfire risk score or wildfire risk classification.

24 I. A policyholder or applicant for a policy of
25 property insurance whose wildfire risk model score, wildfire

1 risk classification assigned to the property to be insured or
2 applicable mitigation discount is inaccurate and provides
3 evidence of the property-specific or community-level mitigation
4 action may appeal the score directly to the insurer. The
5 insurer shall notify the policyholder or applicant in writing
6 of the right to appeal the wildfire risk score or other
7 wildfire risk classification or applicable mitigation discount
8 when the score or classification or discount is provided to the
9 policyholder or applicant as required by Subsection G of this
10 section. If the policyholder or applicant appeals the wildfire
11 risk score or other wildfire risk classification or applicable
12 wildfire discount, the insurer shall acknowledge receipt of the
13 appeal in writing within ten calendar days after receipt of the
14 appeal. The insurer shall respond to the appeal in writing
15 with a reconsideration and decision within thirty calendar days
16 after receiving the appeal. If an appeal is denied, the
17 insurer shall, upon request by the superintendent, forward a
18 copy of the appeal and the insurer's response to the
19 superintendent.

20 J. This section applies only to homeowners
21 insurance policies and property insurance policies covering
22 residential condominium units and multifamily residential
23 housing as provided in the Insurance Code.

24 K. The superintendent shall promulgate rules to
25 implement the provisions of this section, including rules on

1 required discount ranges for full and partial mitigation in
2 accordance with insurance institute for business and home
3 safety standards.

4 L. As used in this section:

5 (1) "catastrophe model" means a tool,
6 instrumentality, means or product, including a map-based tool,
7 computer-based tool or simulation, that is used by an insurer
8 to estimate potential losses from catastrophic events;

9 (2) "community-level mitigation action" means
10 a science-based mitigation action as demonstrated by a
11 community- or neighborhood-level designation or certification
12 or as undertaken by a government entity;

13 (3) "property-specific mitigation action"
14 means a science-based mitigation action as demonstrated by the
15 wildfire prepared home designation from the insurance institute
16 for business and home safety or by a similar mitigation program
17 that includes a verification and certification process; and

18 (4) "wildfire risk model" means a tool,
19 instrumentality, means or product, including a map-based tool,
20 computer-based tool or simulation, that is used by an insurer
21 in whole or in part to measure or assess the wildfire risk
22 associated with a residential property or community for
23 purposes of rating, classifying or pricing based on wildfire
24 risk or estimating risks or losses corresponding to the
25 wildfire risk classifications."

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1 **SECTION 2. APPLICABILITY.**--The provisions of this act
2 apply to insurance filings and insurance policy applications,
3 renewals and surcharges after June 30, 2026.

4 **SECTION 3. EFFECTIVE DATE.**--The effective date of the
5 provisions of this act is July 1, 2026.

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