

LFC Requester:

Julisa Rodriguez

### AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

#### SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared:

2/3/2025 2/3/2025

Check all that apply:

Bill Number: SB55

Original  Correction   
Amendment  Substitute

Sponsor: Sen. Pat Woods, Sen. Gabriel Ramos

Agency Name and Code Number: 305 – New Mexico Department of Justice

Short Title: Insurance Payment of Depreciation

Person Writing Analysis: Lawrence M. Marcus  
Phone: 505-537-7676  
Email: legisfir@nmag.gov

#### SECTION II: FISCAL IMPACT

##### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

##### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

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

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis:

Section 1: This bill amends Section 59A-18-17, NMSA 1978, which concerns required provisions in insurance contracts. Specifically, it amends Paragraph C of that section. Paragraph C currently requires residential property insurance policies to pay the full cost of repair or replacement without regard to depreciation. Thus, if, say, a roof or window, is damaged or destroyed, the policy is required to pay the full cost to repair or replace, even if it’s an old roof or window that may have significantly depreciated. The amendment contains additional language that allows the insurer to make an initial payment at the time of settlement that deducts the amount of depreciation. The balance of the cost, up to replacement cost or policy limits, would be paid upon completion of the repair or rebuild.

**FISCAL IMPLICATIONS**

N/A

**SIGNIFICANT ISSUES**

None apparent.

**PERFORMANCE IMPLICATIONS**

None apparent.

**ADMINISTRATIVE IMPLICATIONS**

None apparent.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None apparent.

**TECHNICAL ISSUES**

The current Paragraph C uses the phrase “repair or replace.” The additional language uses the phrase “rebuild or replace.” This should be changed to be consistent with the current language.

**OTHER SUBSTANTIVE ISSUES**

None apparent.

**ALTERNATIVES**

None apparent.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

**AMENDMENTS**

N/A