

LFC Requester:	Julisa Rodriguez
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov 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: 2/21/2025 *Check all that apply:*
Bill Number: SB506 Original Correction
 Amendment Substitute

Sponsor: Ramos, Sanchez **Agency Name and Code Number:** Office of Superintendent of Insurance - 440
Short Title: Fire Department Insurance Limits **Person Writing:** Tim Vigil
Phone: (505) 690- **Email:** timothy.vigil@osi.nm.

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
\$0	\$0	N/A	N/A

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
\$0	\$0	\$0	N/A	N/A

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB81
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB506 would enact a new section in the FAIR plan act, which is currently found in NMSA 1978, §59A-29-1 to 59A-29-9 of the Insurance Code. The new section would set maximum liability limits for property that may be insured under a FAIR plan that is damaged or destroyed by fire. If the property is located in the service area of a fire department with a class rating of 8, 9, or 10, as determined by a nationally recognized insurance service, the maximum liability limit would be \$600,000; if located in service area of a fire department that is "well-staffed and well-equipped" with a class rating of 1-7, as determined by a nationally recognized insurance service, the maximum liability would be \$750,000.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

None identified.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB81

TECHNICAL ISSUES

SB506 fails to specify whether the amendment would be added to an existing section or be added as a new section in FAIR Plan Act.

OTHER SUBSTANTIVE ISSUES

The FAIR Plan Act (NMSA 1978, 59A-29-1 et seq.) currently has no provisions addressing specific causes for damage or destruction for property, fire or otherwise. However, OSI Rule 13.13.3.10 (FAIR Plan coverages and rates) requires the New Mexico property insurance FAIR Plan program to offer insurance for "the perils of fire, extended coverage and vandalism or malicious mischief for buildings and contents." This rule would require amendment.

ALTERNATIVES

Adopt Senate Bill 81 which more comprehensively addresses concerns with the FAIR plan and ongoing issues with fire insurance coverage throughout New Mexico.

Increase the limits of coverage as provided for in the rules adopted by the FAIR Plan's Governing Committee.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Coverage limits will continue to be specified in the rules adopted by the FAIR Plan's Governing

Committee.

AMENDMENTS

None.