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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Anyanonu/Duhigg/Hochman-Vigil</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>2/25/2026</u>
<b>SHORT TITLE</b> <u>Insurance against Uninsured Motorists</u>	<b>BILL NUMBER</b> <u>House Bill 97</u>
	<u>Rodriguez/</u>
	<b>ANALYST</b> <u>Montano</u>

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact		

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 319

### Sources of Information

LFC Files

Agency Analysis was Solicited but Not Received From

Taxation and Revenue Department (TRD)

Department of Transportation (DOT)

Office of Superintendent of Insurance (OSI)

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

## SUMMARY

### Synopsis of House Bill 97

House Bill 97 (HB97) modifies Section 66-5-208 NMSA 1978 to require that all motor vehicle insurance policies include uninsured and underinsured motorist coverage at the minimum limits required for bodily injury and property damage liability under Section 66-5-215 NMSA 1978.

The bill's effective date is January 1, 2026.

## FISCAL IMPLICATIONS

There is no appropriation in HB97. No fiscal impact to the state or state agencies is anticipated.

## SIGNIFICANT ISSUES

***Uninsured Drivers in New Mexico.*** Like most states, New Mexico requires all drivers to have motor vehicle liability insurance. Without insurance coverage, drivers are at risk of being liable for the total costs of damages that they may never be able to pay. New Mexico has the 4th highest rate of uninsured motorists in the nation. According to the Federal Highway Administration, there are 1.5 million drivers in New Mexico. Of those drivers, the Insurance Research Council estimates that 21.8 percent, or 322 thousand drivers, are uninsured. New Mexico's uninsured rate is significantly higher than the national average of 12.6 percent.

***Uninsured and Underinsured Motorist Coverage.*** Uninsured (UM) and underinsured motorist coverage (UMI) are insurance policies that help cover expenses and damages caused by either an at-fault uninsured driver or by a driver whose insurance limits are too low to fully cover costs. HB97 requires insured drivers to have UM/UMI coverage. Current statutes allow drivers to reject such coverage.

In New Mexico, there are few options to attempt to recover costs for an driver involved in a car accident where an at-fault driver does not have insurance or is underinsured and the driver's insurance does not cover the full amount of damages and expenses. If the driver does not have UM/UMI coverage, the driver could attempt to sue the at-fault driver, but if at-fault driver does not have sufficient assets, collecting compensation may be difficult.

HB97 may increase motor vehicle insurance costs for consumers. By making UM/UMI coverage mandatory, insured drivers may see higher premiums whether they want the coverage or not. The increase in costs could have a regressive impact on lower-income drivers with insurance as increased insurance costs may consume a larger percentage of their income compared to higher-income individuals.

HB97 may also lead to insurance industry adjustments and premium increases, where insurance companies will need to adjust policy pricing to account for a higher volume of uninsured and underinsured motorist claims. Historically, when states have mandated uninsured and underinsured motorist coverage, insurance rates have increased across the board. This was demonstrated in Nevada, where a bill similar to HB97 was passed in 2017. Insurers may respond by:

- Raising base premium rates to cover the increase in uninsured and underinsured motorist claims,
- Increasing deductibles on uninsured and underinsured motorist coverage to offset potential financial losses, or
- Tightening eligibility criteria for policies, which could make insurance harder to obtain for higher-risk drivers.

However, UM/UMI coverage may also protect insured drivers and ensure appropriate compensation after vehicle accidents with underinsured or uninsured drivers.

## PERFORMANCE IMPLICATIONS

The Tax and Revenue Department may need to implement system updates required to track insurance policies with UM/UIM coverage. There may also be a potential increase in registration denials if more drivers fail to obtain or maintain insurance due to higher costs.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB97 relates to Senate Bill 319 (SB319) that modifies Section 66-5-301 NMSA 1978 to require that all motor vehicle owners and drivers operating or allowing the operation of a vehicle in New Mexico carry uninsured and underinsured motorist insurance for that vehicle. While both bills have the same intent (require UM/UMI coverage for drivers in New Mexico), the bills modify Section 66-5-301 NMSA 1978 differently. For example, HB97 amends Section 66-5-301 NMSA 1978 (A) to remove the mention of optional higher limits and the ability of the insured to choose coverage above the minimum and eliminates language, specifying that coverage must comply with rules and regulations set by the Office of the Superintendent of Insurance and be filed with the superintendent. SB319 does neither. SB319 does include additional language clarifying that an owner cannot drive or allow operation of their vehicle if the vehicle doesn't carry UM/UMI.

HB97 amends the Section 66-5-208 NMSA 1978, which SB319 does not, and amends “evidence of financial responsibility” to include “evidence for the protection of persons insured who are legally entitled to recover damages from owners or operators of uninsured or underinsured motor vehicles.”<sup>1</sup>

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<sup>1</sup> Evidence of financial responsibility refers to proof that a person or entity has the means to cover damages if they are legally liability that could arise from vehicle accidents, essentially this means having proof of insurance.