

LFC Requester:	Simon
-----------------------	--------------

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: 1/30/2025 *Check all that apply:*
Bill Number: SB 182 Original Correction
 Amendment Substitute

Sponsor: Sen. Pat Woods **Agency Name and Code Number:** General Services Department - 350
Short Title: GSD INSURANCE COVERAGE LIMITS **Person Writing:** Andrew Magida
Phone: 505-795-1797 **Email:** Andrew.magida@gsd.nm.gov

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	Uknown	Unknown	Unknown	Recurring	Public liability fund

(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:

HB 182 would amend NMSA § 15-7-3 to:

1. Limit the types of insurance, reinsurance, and employee group benefits that the Risk Management Division (RMD) can procure on behalf of the state. Specifically, RMD's ability to procure policies on the private market would be capped as follows: \$500,000 for property damage; \$1,050,000 for general (i.e., tort) liability; and the caps set by the New Mexico Civil Rights Act—currently approximately \$2,300,000.
2. The bill would also change certain references to the General Services Department (GSD) to reflect the recent transfer of certain duties to the newly created Healthcare Authority. These changes would have no practical impact on RMD operations; this portion of the bill is just statutory cleanup.

FISCAL IMPLICATIONS

The only material impacts this bill would have on RMD operations and liabilities is the limitation on RMD's ability to procure reinsurance for high-value property. The consequences of the property insurance cap would force RMD to either: self-insure all high-value items or cap the coverage RMD provides to entities on those items, effectively leaving public bodies to deal with those potentially ruinous losses on their own. If RMD is expected to provide insurance for these catastrophic losses from the public liability fund, it would accelerate the fund's path to insolvency.

SIGNIFICANT ISSUES

The cap on private insurance, reinsurance, and group benefits.

- The cap on private insurance for property is problematic:
 - Currently, RMD procures property reinsurance for state-owned real estate (i.e., office buildings) and several highly specialized, high-value items (i.e., certain scientific and medical equipment). If RMD were unable to procure higher limit policies for these types of items, the risk would be carried by RMD or by the entity who procured the damaged property. This is problematic because one of the primary purposes of RMD is to centralize risk management for the state and to procure appropriate reinsurance to transfer excess risk from the state to a private carrier where appropriate.
 - The Federal Liability Tort Cap for Rail Passenger Liability is \$322,864,228.00. RMD purchases multiple insurance policies to insure the full exposure (cap) of the Rail Runner liability. The limit of \$500K would greatly expose the state to potential losses if this coverage was restricted.
 - The proposed cap also fails to specify whether this cap would apply per entity, per property, or per incidence.
 - The cap on private insurance for general liability would be consistent with current RMD practices and liabilities. This is because RMD self-insures all general liability

- risks up to the Tort Claims Act cap of \$1,050,000.
- The cap on private insurance up to the Civil Rights Act limit.
 - Like general liability, RMD self-insures the state for all civil rights claims, whether rooted in federal or state, or both.
 - The problem with this cap is that it fails to account for RMD's duty to provide coverage to state agencies that are subject to federal civil rights claims—but as this is not a form of reinsurance that RMD currently has, it poses little to no problem for RMD operations.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS