

LFC Requester:	Joseph Simon
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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: 1/31/2025 *Check all that apply:*
Bill Number: SB 182 Original Correction
 Amendment Substitute

Sponsor: Senator Pat Woods **Agency Name and Code:** University of New Mexico-952
Short Title: GSD Insurance Coverage Limits **Number:** _____
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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)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	No Fiscal Impact	indeterminate	indeterminate	Indeterminate	Recurring	

(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: There are two potential interpretations of this amendment:

1. The intent may be to define a first party property coverage limit for insurance provided by the General Services Department's Risk Management Division. First party property coverage responds to damages occurring to state-owned property. Currently, there is no named coverage limit for property damage paid from the Public Property Reserve Fund. Instead, the maximum amount covered per occurrence (claim) by the Public Property Reserve Fund, which is administered by RMD is \$500,000. This amount is determined by the excess insurance coverage procured by RMD. Any exposure above this amount is covered by the excess insurance policy. Therefore this bill appears to codify the maximum amount self-insured through the Public Property Reserve Fund. The bill also states a \$1.05 million per occurrence limit, in line with the limit set by the New Mexico Tort Claims Act, NMSA 1978, Section 41-4-1 et. Seq for general liability. It further specifies civil rights liability limits as outlined in Section 41-4A-6 NMSA 1978.
2. The intent may also be to adjust the liability sublimit for property damages as set in the New Mexico Tort Claims Act, 41-4-1 NMSA 1978. Currently this limit is \$200,000 per occurrence. This amendment may intend to increase this limit to \$500,000, per occurrence. However, the overall statutory liability cap of \$1,050,000 would not be affected, as such a change would necessitate amendment of the New Mexico Tort Claims Act.

FISCAL IMPLICATIONS

Interpretation 1 is not expected to generate a fiscal impact. However, interpretation 2, could generate a fiscal impact by increasing the liability sublimit for property damages. Damages owed to a third party for property damages which are currently capped at \$200,000, per occurrence would be payable up to \$500,000, instead. The exact fiscal impact would be conveyed to The University of New Mexico via our general liability insurance premium invoice. RMD and their actuarial broker calculate this premium based upon the premium calculation formula expressed on the RMD website. An increase to the cost of claims due to an increased coverage limit translates to an increase in premium, all other factors equal.

SIGNIFICANT ISSUES:

If the bill intends to cap property damage payable from the Public Property Reserve Fund at \$500,000 per occurrence then it is essential to clarify that \$500,000 is the self-insured retention threshold for the policyholder, (State of New Mexico). The cost of a property damage occurrence must exceed this amount before the excess insurer, (currently American International Group, AIG), provides coverage.

However, if the intent is to increase the liability sublimit for property damages from \$200,000 to \$500,000 per occurrence, there could be minimal to moderate fiscal impacts to the University of New Mexico, other HEI's and state agencies.

More details are needed to confirm the intent of this bill.

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

For clarity, Section a. interpretation 1. could be amended as follows:

- (a) coverage payable from the Public Property Reserve Fund shall not exceed: 1) five hundred thousand dollars (\$500,000), per property damage occurrence; furthermore, RMD shall procure excess insurance coverage to meet the replacement cost value of State owned property 2) one million fifty thousand dollars (\$1,050,000) for general liability insurance as established in Section 41-4-1 NMSA 1978 and 3) the limits established in Section 41-4A-6 NMSA 1978 for civil rights liability;

For Section a. interpretation 2, a smaller increase to \$300,000 (vs. \$500,000) could be made to the liability sublimit for property damages, if the intent is to increase this sublimit due to inflationary factors, etc.