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SENATE BILL 506

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Gabriel Ramos and Joshua A. Sanchez

AN ACT

RELATING TO INSURANCE; ENACTING A NEW SECTION OF THE FAIR PLAN ACT; PROVIDING A MAXIMUM INSURABLE VALUE FOR PROPERTIES INSURED UNDER THE FAIR PLAN.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the FAIR Plan Act is enacted to read:

"[NEW MATERIAL] FIRE DEPARTMENT INSURANCE LIMITS.--

A. The maximum limit of liability for a property insured and subsequently damaged or destroyed by fire that is located in the service area of a fire department that may be insured under a FAIR plan shall be:

(1) six hundred thousand dollars (\$600,000) for a property insured and subsequently damaged or destroyed by fire that is located in the service area of a fire department

underscoring material = new
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1 with a class rating of eight, nine or ten or a similar rating
2 system as determined by a nationally recognized insurance
3 service; and

4 (2) seven hundred fifty thousand dollars
5 (\$750,000) for a property insured and subsequently damaged or
6 destroyed by fire that is located in the service area of a
7 well-staffed and well-equipped fire department with a class
8 rating of one through seven or a similar rating system as
9 determined by a nationally recognized insurance service.

10 B. As used in this section, "nationally recognized
11 insurance service" means an organization that collects
12 statistical data, promulgates rating information, develops
13 standard policy forms and files information with state
14 regulators of insurance on behalf of insurance companies and
15 rates fire departments based on the following factors:

16 (1) emergency communication systems, including
17 911 dispatch;

18 (2) fire department staffing, training and
19 equipment;

20 (3) water supply availability and pressure;

21 and

22 (4) community risk reduction programs and
23 other factors."