

STATE OF NEW MEXICO OFFICE OF SUPERINTENDENT OF INSURANCE

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BULLETIN 2019-015

October 8, 2019

TO: ALL PROPERTY/CASUALTY INSURERS & PROPERTY/CASUALTY RATING ORGANIZATIONS

RE: HB 311 IMPLEMENTATION GUIDANCE

Beginning on January 1, 2020, House Bill 311 requires residential property insurers to notify policyholders who may be adversely affected by an unfavorable change in a community's public protection classification ("PPC"). The law contemplates cooperation between such insurers, rating (advisory) organizations, and the New Mexico Office of Superintendent of Insurance ("OSI"). This bulletin specifies how these parties shall implement this new notification law.

Rating/Advisor Organizations:

Every rating/advisory organization shall inform OSI of each notification issued to a New Mexico community concerning a possible PPC regression, contemporaneous with notice to the community. At least 90 days before a regressed score is published, the rating/advisory organization shall notify OSI of the extent and effective date of the regression.

If the community accepts the downgrade or fails to respond to the downgrade notification within 30 days, the rating organization must immediately notify OSI that the regressed PPC will be published. The rating organization shall submit all communications via email to the Superintendent of Insurance, the P&C Chief Actuary and the P&C Bureau Chief.

Office of Superintendent of Insurance

After it is notified that a community's PPC will regress, OSI shall issue a bulletin to all property and casualty insurers writing residential property insurance in the state of New Mexico.

The Bulletin shall notify all property and casualty insurers writing residential property insurance in a New Mexico community that there has been an unfavorable change to a community's

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public protection classification. Each such insurer will have 90 days from the date a bulletin is published to notify each policyholder who may be adversely affected by the unfavorable change.

Every bulletin will be published on our website, and will be distributed via the OSI newsletter. Any interested parties may subscribe to receive newly issued bulletins through the link: <https://newsletter.osi.state.nm.us/>

Residential Property Insurers

The notice issued by an insurer to a policyholder shall include this language:

“NOTICE OF UNFAVORABLE CHANGE IN YOUR COMMUNITY’S PUBLIC PROTECTION CLASSIFICATION THAT MAY ADVERSELY IMPACT YOUR PROPERTY INSURANCE

One of the many factors that impacts the availability of, or the amount of premium charged for, property insurance is the public protection classification (PPC) score that applies to the surrounding community. A PPC score is based on an evaluation of four major areas which include, (1) Emergency Communication Systems, (2) Fire Department, (3) Water Supply and (4) Community Risk Reduction.

The New Mexico Office of Superintendent of Insurance (“OSI”) was recently notified of an unfavorable change in the PPC score for your community. Because the unfavorable change may increase the amount you pay for your property insurance with our company, or impact whether we will renew your coverage, OSI directed us to inform you about the unfavorable change.

If you have any questions related to the change in your community's public protection classification score, you should contact a local government representative, such as the fire chief or a county commissioner and ask about their improvement plan.

Should you have any questions relating to this bulletin please contact Ashley Hernandez, P&C Bureau Chief at 505-827-4593 or ashley.hernandez@state.nm.us.

ISSUED this 8th day of October, 2019



JOHN G. FRANCHINI
SUPERINTENDENT OF INSURANCE