

New Mexico Counties

Advancing Counties through Service, Education, Advocacy and Leadership



**NEW MEXICO
COUNTIES**

33 STRONG

NEW MEXICO COUNTY INSURANCE AUTHORITY

Board of Directors Meeting

October 23 2024, 8:30 a.m.

**Hilton Santa Fe Buffalo Thunder
Caldera Room
20 Buffalo Thunder Trail
Santa Fe, NM 87506**

Serving New Mexico's Counties for More than 75 Years

New Mexico Counties

444 Galisteo Street

Santa Fe, NM 87501

1-877-983-2101

505-983-2101

www.nmcounties.org

Harnessing the winds of change...

Our Mission

The NM CIA insurance Pool delivers superior, comprehensive and sustainable insurance and risk management services to New Mexico counties with a culture focused on leadership, innovation and integrity to save counties money and keep their citizens & employees safe

Our Vision It's 2025 and...

- We anticipate & adapt to changes, are responsive to our members' needs and provide innovative education for members, board and staff
- Our growing membership value their ownership of the pool, are invested in NM CIA's long term success & meet their responsibilities
- We are financially stable and invest our growing capital to meet the coverage needs of our members over the long term
- Our board and staff equip future leaders to steer NM CIA forward, informed by our history and core values

2022 NM CIA Board Retreat

We collaboratively partner with our members through...

- Flexible and affordable insurance programs
- Efficient claims processing with specialized services
- Targeted education
- Advocacy for good legislation
- Strategic partnerships
- Comprehensive loss prevention services
- Legal bureau
- Networking opportunities
- Sound technology platforms
- Diversification of our membership
- Consistent communication

Our Bold Steps

- Hold member NM CIA workshops at summer conference & district meetings
- Articulate our core values & mission
- Develop a plan to approach non-county entities
- Develop a member services strategy
- Perform Capital Adequacy Assessment process
- Educate board about the Captive & discuss strategy
- Create a comprehensive history archive & condensed version
- Change process to elect board members earlier
- Develop a communication & marketing plan
- Develop an internal succession plan



**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> <p style="text-align: center;">1.</p>	<u>Item Title:</u> Call to Order / Roll Call / Pledge of Allegiance / Introductions
<u>Presenter (s):</u> Lance Pyle, Chair Cynthia Stephenson, Risk Management Specialist	
Call to order time:	



NMCIA Board of Directors 2024

Officers

Chair	Vice-Chair	NMC Representative
Lance Pyle <i>Curry County Manager</i>	Gregory S. Shaffer <i>Santa Fe County Manager</i>	Michael Meek <i>County Commissioner</i>

GROUP I, GEOGRAPHICAL DIRECTORS

Term Expires 1/2025

NORTHWEST	NORTHEAST	SOUTHWEST
Jhonathan Aragon <i>Valencia County Deputy Manager</i>	Lance Pyle <i>Curry County Manager</i>	Charlene Webb <i>Grant County Manager</i>
Cibola, Los Alamos, McKinley, Rio Arriba, Taos, Torrance, Valencia	Colfax, Curry, Guadalupe, Harding, Mora, Quay, San Miguel, Union	Catron, Grant, Hidalgo, Luna, Sierra, Socorro

SOUTHEAST
Roberta Gonzales <i>Eddy County Finance Director</i>
Chaves, De Baca, Eddy, Lea, Lincoln, Otero, Roosevelt

GROUP II, CLASS A DIRECTORS

Term Expires 1/2026

BERNALILLO	BERNALILLO	DOÑA ANA
Lisa Sedillo-White <i>Deputy County Manager for General Services</i>	Shirley Ragin <i>Deputy County Manager for Finance</i>	Diana Murillo <i>County Commissioner</i>

SAN JUAN	SANDOVAL	SANTA FE
Cynthia Singleton <i>Claims Manager</i>	Michael Meek <i>County Commissioner</i>	Gregory S. Shaffer <i>County Manager</i>

GROUP III, POPULATION DIRECTORS

Term Expires 1/2026

SMALL COUNTY	MID-LEVEL-LOW COUNTY	MID-LEVEL-HIGH COUNTY
Brandy Thompson <i>Union County Manager</i> Catron, Colfax, De Baca, Guadalupe, Harding, Hidalgo, Mora, Quay, Sierra, Torrance and Union	Kate Fletcher <i>Cibola County Manager</i> Cibola, Grant, Lincoln, Los Alamos, Luna, Roosevelt, San Miguel, Socorro and Taos	Danny Monette <i>Valencia County Manager</i> Chaves, Curry, Eddy, Lea, McKinley, Otero, Rio Arriba and Valencia

EX Officio Directors

President	President Elect	Attorney Affiliate Representative
Annie Hogland <i>Curry County Clerk</i>	Terri Fortner <i>San Juan County Clerk</i>	Michael Eshleman <i>Sandoval County Attorney</i>

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 2.	<u>Item Title:</u> Approval of Agenda
<u>Presenter (s):</u> Lance Pyle, Chair	
Motion by:	Seconded by:



**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

October 23, 2024, 8:30 a.m. *

AGENDA

In Person

Hilton Santa Fe Buffalo Thunder
Caldera Room
20 Buffalo Thunder Trail, Santa Fe, NM 87506

* In accordance with the New Mexico Open Meetings Act, the New Mexico County Insurance Authority Board of Directors (NMCIA Board) may recess and reconvene this meeting on October 24, 2023, at 8:30 a.m. If the NMCIA Board does, in fact, recess and reconvene this meeting, notice of the date, time, and place of the reconvened meeting will be posted (1) on or near the door of the place where the original meeting was held (if any); (2) at New Mexico Counties' offices (444 Galisteo Street Santa Fe NM 87501); and (3) on New Mexico Counties' website (<https://www.nmcounties.org/services/insurance>).

If the NMCIA Board completes the agenda on October 23, 2024, it will not meet on October 24, 2023.

1. Call to Order / Pledge of Allegiance / Roll Call / Introductions	Lance Pyle	Pg. 3
2. Approval of Agenda	Lance Pyle	Pg. 6
3. Approval of Minutes of August 14, 2024	Lance Pyle	Pg. 9
4. 9:00 a.m. Executive Session – Pending and Threatened Litigation for Bernalillo, Dona Ana, Luna, Otero and Socorro Counties Per New Mexico Open Meetings Act 10-15-7-H(7)	Lance Pyle	Pg. 16
5. Board Presentations		
A. Executive Director Update	Joy Esparsen	Pg. 17
B. Financial Reports	Richard Garcia	Pg. 31
C. Risk Management Update	Grace Philips	Pg. 57
D. NMCRé Update and Renewal Premiums	Grace Philips	Pg. 78
6. Board Action Items		
A. Approve 2025 Multi-Line and Law Enforcement Reinsurance	Grace Philips	Pg. 80
B. Approve 2025 Budget	Grace Philips	Pg. 81
C. Consideration of Policy on Sheriff Commission Agreements	Mark Allen	Pg. 83
D. Schedule Special Board Meeting and Underwriting Committee Meeting in November	Cynthia Stephenson	Pg. 86
E. Approve 2025 NMC / NMCIA Calendar	Cynthia Stephenson	Pg. 87
F. Approve Updated 2024 Coverage Agreement: LE-6	Grace Philips	Pg. 91

7. Board Reports

- A. Legal Bureau Update
- B. Loss Prevention Update
- C. Workers' Compensation Update
- D. Multi-Line Update
- E. CRL Update

Brandon Huss Pg. 93
Greg Rees Pg. 95
Kamie Denton Pg. 112
Robin Martinez Pg. 115
Grace Philips Pg. 117

8. Other Business

Lance Pyle Pg. 162

9. Adjournment

Lance Pyle Pg. 163

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 3.	<u>Item Title:</u> Approval of Minutes of August 14, 2024
<u>Presenter (s):</u> Lance Pyle, Chair	
Motion by:	Seconded by:

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING**

August 14, 2024, 8:30 a.m.

Roosevelt County
Jake Lopez Community Center (Cacahuate Room)
705 E. Lime St., Portales, NM

MINUTES

Call to Order/Pledge of Allegiance/Roll Call/Introductions

Chair Lance Pyle called the meeting to order at 8:30 a.m. Cynthia Stephenson called the roll and announced that a quorum was present.

Board Members Present

Jhonathan Aragon, NMC Past President, Valencia County Deputy Manager
Michael Eshleman, Attorney Affiliate Representative, Sandoval County Attorney
Danny Monette, Valencia County Manager
Diana Murillo, Dona Ana County Commissioner (arrived during the meeting calendar discussion)
Lance Pyle, Chair, Curry County Manager
Shirley Ragin, Bernalillo Deputy County Manager of Finance (arrived after appointment of director)
Lisa Sedillo-White, Bernalillo Deputy County Manager of General Services (arrived after appointment of director)
Gregory S. Shaffer, Vice Chair, Santa Fe County Manager
Cynthia Singleton, San Juan County Claims Manager
Brandy Thompson, Union County Manager
Charlene Webb, Grant County Manager

Board Members Absent/Excused

Mark Cage, NMC President, Eddy County Sheriff
Annie Hogland, NMC President Elect, Curry County Clerk
Michael Meek, Sandoval County Commissioner
Kate Fletcher, Cibola County Manager

NMC Staff Present

Mark Allen, General Counsel
Kamie Denton, Workers' Compensation Claims Manager
Joy Esparsen, Executive Director
Richard Garcia, Finance Director
John Grant, Multi-Line Claims Examiner
Velma Herrera, Sr. Multi-Line Claims Examiner
Grace Philips, Risk Management Director
Brandon Huss, Legal Bureau Chief
Patricia Lovato, Risk Management Data Analyst
Robin Martinez, Multi-Line Claims Manager
David Roman, Legal Bureau Attorney
Cynthia Stephenson, Risk Management Specialist

Guests Present

Nick Autio, NM Local Government Law LLC
Annette Kirk, Roosevelt County Manager
Andrew Rodriguez, McKinley County Risk Manager
Janet Pacheco-Morton, Morton Accounting, LLC
Rod Savage, Roosevelt County Commissioner
Laura Thompson, Roosevelt County Deputy Manager/Finance Administrator

Approval of Agenda

Danny Monette made a motion to approve the agenda and Jhonathan Aragon seconded the motion, which passed unanimously.

Approval of Minutes of May 22, 2024, and June 13, 2024

Brandy Thompson made a motion to approve the May 22, 2024, and June 13, 2024, minutes and Charlene Webb seconded the motion, which passed with Michael Eshleman noting he was not present at the June 13 special meeting.

Board Action Items

Appointment to Fill Group I Southeast Geographical Director's Vacancy

Danny Monette made a motion to appoint Eddy County Manager Roberta Gonzales to fill the vacant position and Jhonathan Aragon seconded the motion, which passed unanimously.

Acknowledge Receipt of 2024 NMCIA Pool Financial Audit

Janet Pacheco-Morton presented the 2024 NMCIA Pool financial audit, letting board members know she had given it an unmodified opinion. She noted a prior year finding that was a compliance issue, stating this year it was repeated and modified. Out of 40 claims payments tested, one payment was made outside of the required 30-day turnaround as required by the New Mexico Administrative Code. Cynthia Singleton made a motion to acknowledge receipt of the 2024 financial audit and Jhonathan Aragon seconded the motion, which passed unanimously.

Consideration of Investment Consultant

Grace Philips discussed the differences between an investment consultant and investment manager, stating she talked with her counterparts at other pools to get their feedback on the benefits of hiring a consultant. She discussed sharing the cost with NMCR, saying their next meeting is September 17. Shirley Ragin made a motion to grant staff authority to negotiate a contract up to \$60,000. Charlene Webb seconded the motion, which passed unanimously.

Appoint Members to Fill Sub-committee Vacancies

Grace Philips let members know there were vacancies on the strategic planning and detention committees, adding that detention will be a retreat topic. Brandy Thompson made a motion to appoint Jhonathan Aragon to the strategic planning committee, tabling the appointment of an appointment to the detention committee. Shirley Ragin seconded the motion, which passed unanimously.

Board Discussion

2025 Board Meeting Schedule

Grace Philips reviewed with members a proposed 2025 board meeting calendar, stating the NMC board would approve the NMC calendar at their next meeting. After discussion, the Board asked staff to revise the proposed NMCI board and litigation committee meeting dates.

Litigation Claims Committee Schedule

Discussed above.

AGRiP Culture Survey

Grace Philips reviewed the Association of Governmental Risk Pools' (AGRiP) culture study results with members, stating NMC scored high on the agreement index, that we are an agile organization that moves quickly, embraces knowledge and more. She said while there are opportunities to celebrate, there are areas of improvement, sharing four categories where the organization has lower agreement on topics. She discussed the net promoter score that compared all organizations (score: 19), AGRiP member pools (score 48) and our organization (score: 61), stating scores over 30 are great.

Board Presentation

Report From CRL Governance Conference

Michael Eshleman and Jhonathan Aragon gave board members a summary, Michael noting the presentation from the Arkansas pool's general counsel on fiduciary duties and Jhonathan regarding a cyber presentation. Grace Philips stated she was asked if she would like to host a future conference in Santa Fe. She told the board she was interested and that she will invite the entire NMCI board to attend the conference in Santa Fe.

Executive Session – Pending and Threatened Litigation for Bernalillo, Dona Ana, Eddy, Luna and McKinley Counties Per New Mexico Open Meetings Act 10-15-7-H(7)

Danny Monette made a motion to go into executive session to discuss pending litigation in accordance with the Open Meetings Act 10-15-7-H(7) for Bernalillo, Luna and McKinley Counties. Jhonathan Aragon seconded the motion, which passed via a roll call vote: Jhonathan Aragon, Lance Pyle, Charlene Webb, Lisa Sedillo-White, Shirley Ragin, Diana Murillo, Cynthia Singleton, Greg Shaffer, Brandy Thompson and Danny Monette. Lance Pyle certified that the only things discussed were pending and threatened litigation for Bernalillo, Luna and McKinley Counties in accordance with the Open Meeting Act. Jhonathan Aragon made a motion to come out of executive session and Brandy Thompson seconded the motion. Brandy Thompson made a motion to authorize the amounts as discussed by the Board in cases 2024-8-1, 2024-8-2 and 2024-8-3 and Charlene Webb seconded the motion, which passed via a roll call vote: Jhonathan Aragon, Lance Pyle, Charlene Webb, Lisa Sedillo-White, Shirley Ragin, Diana Murillo, Cynthia Singleton, Greg Shaffer, Brandy Thompson and Danny Monette.

Board Presentations

Executive Director Update

Joy Esparsen gave members and overview of the legislative special session, stating the Governor and Legislature were not on the same page about the session. She said the NMC board met and set priorities for the 2025 legislative session including HB2 appropriations which include increased detention reimbursement funds and courthouse funding. The other priorities are IPRA improvements, equitable disclosure and humanitarian and law enforcement resources to address border-related crime. She said Michael Eshleman and the attorney affiliate put out several different options for changes to IPRA, presenting 30-40 things to consider. She said state agencies are being hit by IPRA requests also. She discussed equitable disclosure, the border initiative (county support services go beyond law enforcement security) and NMC's Better Informed Public Officials conference to be held in December. She said counties have 60 new commissioners and she was expecting 140 total attendees.

Financial Reports

Richard Garcia reviewed the consolidated financials as of June 30, 2024, noting an increase to cash and cash equivalents from the prior year due to a treasury that matured and \$3.1 million for property reinsurance renewal. The change in total current assets from the prior year was down \$1.56 million to \$12 million. He noted long-term liabilities were up \$11.83 million due to a December 31, 2023, actuarial adjustment, with long-term liabilities at \$73.6 million as of June 30, 2024. He reviewed the income/budget statement, noting income at 50%, total claims and claims adjusting at 47%, total risk mitigation expense at 43%, total administrative and other expenses at 44% with total expenses at 46% at \$19,999,323. Net position was \$2,232,961. He reviewed investments as of the same period noting \$5.38 million in unrealized losses with \$107,587,926 invested.

Risk Management Update

Grace Philips let the Board know that Dona Ana County began self-insuring their workers' compensation risks as of July 1, 2024, and San Juan County submitted their notice of intent, advising they may leave the program in 2025. She said Kamie Denton met with San Juan County about the return-to-work program. She said 2000-2019 national statistics indicate the number of people who have died of any cause is up 30% and deaths from alcohol and drug detoxification are up 397% which is a large exposure for the Pool. She discussed Project Echo which grew out of the University of New Mexico for detention medical providers. She said the group has met three times and had 40 people on the last call. She said the law enforcement actuarial process has begun and has seen a dramatic increase in estimated losses. She said she received the CRL workers' compensation and property renewals, and workers' compensation rates are flat but that both invoices included a surcharge and a capital adequacy charge.

Discussion Items

Strategic Retreat Agenda

Brandy Thompson asked Board members for input on the retreat agenda. Jhonathan Aragon indicated cyber is worthwhile because things change so often, noting the presentation he saw at the CRL governance conference and mentioning it as a topic for

NMC's BIPO conference. Lance Pyle indicated the RAP program is outdated, and he has heard a lot of frustration regarding its repetitiveness. Grace Philips will ask Greg Rees and his staff to revisit the program. Grace said detention and law enforcement will be topics, with members looking at the actual numbers on different cases such as detox. She said the Board may have a conversation about how to address persistent losses from a single member including increasing deductibles. Greg Shaffer indicated a conversation around underwriting would be beneficial. Lisa Sedillo-White said she'd like to talk about what they're doing in Albuquerque regarding fentanyl awareness and would like to share the toolkit developed so other counties can replicate it.

Policy on Coverage for Cross Commissioned Officers

Grace Philips asked members if they want the Pool to develop a cross-commission policy that requires language in MOUs regarding tribes providing coverage and listing the county as additional insured. Michael Eshleman said this would help counties in negotiations. Staff will draft a policy for approval and inclusion in the Pool's policy manual book.

Recommendations for Topics for BIPO/NMC Conferences

The board discussed providing real-live examples of the claims staff handles to both BIPO and NMC conference attendees (using videos for closed cases), as it is important for commissioners understand the types of claims we are handling. John Chino will present for part of the three-hour session risk management will provide on the second day of BIPO. Staff discussed having the Legal Bureau depose a commissioner live. BIPO will be held December 10-12, 2024, at the Marriott Pyramid in Albuquerque.

Board Reports

Legal Bureau Update

Brandon Huss informed the Board that the Bureau closed 20 cases in the last quarter and have 78 cases as of today, with the average close to 90. He said David Roman celebrated his four-year anniversary with the Bureau and Bree Barnett will pass her second anniversary as a lawyer in October.

Lexipol Update

Grace Philips noted the Lexipol implementation schedule in the board book and asked for feedback on the program. Danny Monette said the Valencia County undersheriff receives five policies a week to review. Michael Eshleman said the Sandoval County chief deputy is very impressed with the program.

Workers' Compensation Update

Kamie Denton reviewed claims data, indicating her department has more than 600 open claims, with in-house nurse Ellen Chaves managing the medical on 40. She said she would be dealing with an audit from the Workers' Compensation Administration in a couple of weeks, adding that next week she would visit San Juan County to review the return-to-work program.

Multi-Line Update

Robin Martinez let members know she had an opening for an administrative assistant and was interviewing someone in-house for the position. She said she is advertising for another claims examiner. She referred members to the claims data in the board book.

CRL Update

Grace Philips referred members to the financial statements included in the board book.

NMCRE Update

Grace Philips said the captive board approved two new members Greg Shaffer and Amber Hamilton and appointed Steve Kopelman as chief operating officer. She said a big development was board approval of a three-year reinsurance contract with Hanover, the largest reinsurer in the world. She explained the premium and claims process to members.

Other Business

Joy Esparsen let members know NMC still had booths available for the Gathering of Counties. Lance reminded members to stay in touch with the counties they represent, sharing information and keeping them informed.

Adjournment

Danny Monette made a motion to adjourn the meeting and Jhonathan Aragon seconded the motion. The meeting was adjourned at 12:44 p.m.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> <p style="text-align: center;">4.</p>	<u>Item Title:</u> Executive Session – Pending and Threatened Litigation for Bernalillo, Dona Ana, Luna, Otero and Socorro Counties, Per New Mexico Open Meetings Act 10-15-7-H(7)
<u>Presenter (s):</u> Lance Pyle, Chair	
<p style="text-align: center;">A motion may be made to go into Executive Session to discuss pending and threatened litigation in accordance with the Open Meetings Act.</p> <p>Motion In by: Seconded by: Roll Call Vote</p> <p>Motion Out by: Seconded by:</p> <p>Certified by: ... that the only thing discussed was pending and threatened litigation</p>	
<p>Motion by: Seconded by:</p>	

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 5.A.	<u>Item Title:</u> Executive Director Update
<u>Presenter (s):</u> Joy Esparsen, Executive Director	



Memorandum

Date: October 23,, 2024
To: NMCA Board of Directors
From: Joy Esparsen
Re: Executive Director Update

On September 12th, NMC hosted the 19th Gathering of Counties Day in collaboration with the New Mexico Tourism Department and Expo New Mexico. The event was held in conjunction with New Mexico *True Day* and counties set up booths along Main Street to provide information to fairgoers on county services, local attractions, and the history of their communities. The counties featured along Main Street this year included Bernalillo, Chaves, Curry, Eddy, Guadalupe, Lea, Los Alamos, Luna, Otero, Rio Arriba, Roosevelt, San Juan, Sandoval, Socorro, Taos, Torrance, Union, and Valencia Counties. The formal program featured the reading of the Gathering of Counties proclamation and recognition of the 2024 State Fair queen candidates by President Annie Hogland.

NMC staff has begun advocacy work on the legislative priorities identified by the Board of Directors during its August meeting. We have requested that County Commissions formally endorse the priorities and as of October 15th, we have received support from Bernalillo, Chaves, Curry, Grant, Guadalupe, Harding, Otero, Quay, Roosevelt, Union, and Valencia Counties. NMC staff has also begun conducting research and developing talking points for legislative briefs that will be used throughout the 2025 Legislative Session.

The NMC legislative team has provided priority testimony to the Courts, Corrections, & Justice Steering Committee and met with the Foundation for Open Government and Attorneys' Affiliate Chair on amendments to the Inspection of Public Records Act (IPRA). We are scheduled to present to the Revenue Stabilization & Tax Policy Committee in December. The legislative team met with the Legislative Finance Committee Director Charles Sallee to review the priorities and will also meet with the Governor's Office by early December, IPRA, and equitable disclosure prior to the legislative session. NMC staff has requested a date/time through the Legislative Council Service to host a County Day during the 60-day session.

President Hogland presented the NMC priorities at the New Mexico Municipal League Conference on August 16th in Curry County. She highlighted our successful legislative collaborations and the value of our partnership. NMC and NMML leadership will be meeting in Santa Fe on November 15th to discuss our respective legislative platforms.

Bernalillo County Assessor Damian Lara and Santa Fe County Assessor Isaiah Romero presented the equitable disclosure priority and other affiliate

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG

initiatives to the Revenue Stabilization & Tax Policy Committee on September 23rd. It was a productive discussion with positive support from several legislators who understand the implications of the upcoming veteran's ballot initiatives on county revenue streams. The Assessors' Affiliate, in collaboration with NMC, has also held two additional stakeholder meetings in Dona Ana and San Miguel County to discuss equitable disclosure. The final stakeholder meeting is scheduled for December 4th in Santa Fe.

In addition to NMC's legislative initiatives, the legislative team has met with other entities wishing to advise NMC of their legislative priorities. These include meetings with the New Mexico Health Councils, renewable energy providers, etc. These are helpful conversations designed to mitigate any concerns prior to the session.

The NMC Board of Directors met in Los Alamos on December 3rd and 4th. During the meeting, they approved the 2025 Calendar and the attached resolution on "County Authority." The Board also received presentations from State Forester Laura McCarthy on wildfire and property insurance and a 2025 Legislative Budget review from LFC Director Sallee. The Board also conducted the annual review of the Executive Director. A list of accomplishments is attached for review.

NMC staff has been working with the SJR16 Committee appointed by President Hogland and Wells Park Studio for the NMC ballot initiative that will be voted on during the General Election on November 5th. Amendment 4 seeks to remove the legislative authority to set county elected official salaries. Materials developed to date include talking points, radio scripts, and branding. NMC's efforts must focus solely on education, but county elected officials are encouraged to work with their local advocates and other community groups to share the importance of this initiative.

NMC hosted the Wildland Urban Fire Summit at the Sagebrush Inn in Taos from October 8th – 10th with approximately 88 attendees. This year's theme is "Strengthening partnerships through diverse perspectives – taking action in the WUI." The WUF Summit is an annual collaboration between NMC, BLM, State Forestry, Forest Stewards Guild, and others to discuss wildfire challenges, structure ignitability, emergency response, and disaster preparedness. Considering the significant fires in New Mexico this summer, and growing concerns about property insurance coverage, this is a very important and timely event.

NMC is currently filling positions for a Multi-Line Adjuster, Loss Prevention Specialist, Government Relations Specialist, and Operations Assistant. All of these positions have identified potential candidates and are in they process of completing interviews or making offers. We hope to be fully staffed by early November.

The BIPO Conference will be held at the Marriot Pyramid Albuquerque on December 10th – 12th. NMC staff has been working with NM EDGE and President Hogland to identify speakers for the training sessions to include the Media Panel and Veterans' Panel. Registration for both the BIPO Conference and the Legislative Conference are scheduled to open in early November.

NMC filed an insurance claim for water damage in the Albuquerque office. The claim was denied due to preexisting conditions, and we anticipate construction to repair the damages and address HVAC repairs to begin in the next month. NMC also recently installed a new surveillance system in the Albuquerque office and will be installing a new fire and alarm system in the Santa Fe office. All of these monitoring systems work through a shared

software application, making it much easier for staff to manage and respond. The new system in Albuquerque was particularly helpful during an attempted break in on October 12th. The system worked correctly and deterred the individual before they could enter the building.

Internal remodeling in the Santa Fe office is also scheduled to begin soon. There have been a significant number of hurdles to secure historic design approval, protect the new roof warranty, and find contractors.

NMC recently wrapped up a 5-year Bureau of Land Management Federal Assistance Agreement (2019-2024) totaling \$3,217,500 in grant awards for wildfire risk reduction. A new 5-year agreement was implemented for 2023-2028 and it has received over \$2.27 million for grant award in first two years of the program.

Additional Meetings & Initiatives:

Meeting with Senator Heinrich's Staff
NCCAIE Educational Committee
NCCAIE Conference
NACo ClearGov Roll Out
Department of Finance & Administration Monthly Meeting
NM State Forestry Wildfire & Insurance Workshop
Fire Planning Task Force
Communities at Risk Subcommittee
Legislative Finance Committee Meetings
Courts, Corrections & Justice Committee Meetings
Revenue Stabilization & Tax Policy Committee Meetings
AG Conference Planning Core Team
NM Finance Authority/Water Trust Board of Directors
NMFA Finance and Disclosure Meeting
NMFA Public Lending Meeting
NMFA Bond Sale
Water Trust Board Project Reviews
Colonias Board Meeting
New Mexico Municipal League Conference
Education Trust Board
JB Media Meeting
Bohannon Huston Open House
EDF Renewables Meeting
Senior Staff Meeting
BIPO Conference Planning
Legislative Conference Planning
Annual Conference Planning
NMCIA Board of Directors
NMCIA Finance Committee
NMCIA Claims Committee Meetings
NMCRe Board of Directors
NMC Legislative Team Meeting
Sheriffs' Affiliate Meeting
Finance Directors' Affiliate Meeting
DWI Coordinators' Meeting
Fix Your Writing Fast Staff Training

ClearGov Partnership Kickoff
2025 Calendar Planning
IPO SJR16 Ballot Initiative
Gathering of Counties
Ambitions Meetings on Database Storage and Email Distribution Groups
Healthcare Mergers & Acquisitions

Please reach out to me if I may be of any assistance to you. I can be reached on my cell phone at (505) 660-9629 or via email at jesparsen@nmcounties.org at any time.



Date: October 4, 2024
To: NMC Executive Committee Members
From: Joy Esparsen, Executive Director
Re: 2023-2024 Performance Evaluation

Please see the following summary of accomplishments for your consideration during my 2023-2024 performance evaluation:

NMC Board of Directors and Executive Committee

- Hosted 6 Board of Directors Meetings
- Participated in 5 NMCI Board of Directors Meetings
- Participated in 3 NMCR Board of Directors Meetings
- Provided New Board Member Orientation
- Coordinated presentations on Cannon AFB and HIDTA

Annual Budget

- Developed 2024-2025 Annual Budget
- Successfully Managed 2023-2024 Annual Budget
- Received Unmodified Opinions on all NMC/NMCI Audits
- Successfully Completed Federal Single Audit

Operations Management

- Hosted the 2023 WUF Summit with 104 Participants
- Participated in the 2023 Annual Joint Meeting with NMML
- Hosted the 2024 Legislative Conference with 918 Participants
- Hosted the 87th Annual Conference in San Miguel with 552 Participants
- Hosted the 2024 Gathering of Counties Day at Expo NM
- Redesigned RFP process for Annual Conference bids and was able to successfully secure submissions for 2026 and 2027
- Negotiated a 5-year lease agreement with AIA for Santa Fe Office
- Implemented a 3-year lease agreement with NMML for Albuquerque Office
- Implemented a 3-year contract for Cvent for
- Completed camera and new security software system for Albuquerque Office
- Finished roof repairs and duct work on Santa Fe Office
- Secured Historic Preservation Permitting for interior office remodel
- Added two new vehicles to the fleet for Loss Prevention

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

Legislative, Congressional, and Executive Government Affairs

- Facilitated NMC 2024 Legislative Priority Processes
- Developed 2024 Legislative Priority Packet and Policy Briefs
- Presented NMC Legislative Priorities to Governor Lujan Grisham, Legislative Finance Committee, Revenue Stabilization & Tax Policy Interim Committee, State Fire Marshal, New Mexico Municipal League, Municipal Police Chiefs, Foundation for Open Government, AFSCME, DFA Budget Conference, Tax Research Institute Conference, Leadership NM, and legislators
- Worked on legislation to secure the following local government appropriations: \$75 M for Match Fund; \$50 M for removal of TRD 3% administrative fee; \$25 M Detention & Corrections Workforce Capacity Fund; \$25 M Fire & EMS Recruitment Fund; \$10 M Courthouse Funding; \$11 M EMS Bureau funding with new ongoing revenue stream; \$5 M Detention Reimbursement Fund; \$2.5 M 700 MHz radios funding.
- Successfully passed HB236/SB87 Public Safety Return to Work
- Successfully passed SJR16 ballot initiative to remove legislative cap on local elected official salaries
- Worked with DWI Affiliate and legislative sponsors to successfully protect Local DWI Program Funding
- Negotiated 2-Year contract for New Mexico Legislative Reports service
- Hosted 4 Legislative District Meetings with a total of 185 participants
- Worked with DFA to solicit grant applications for the \$50 M in new public safety funding
- Worked with the Governor's Office and State Agencies on NM Finance Authority Board of Directors, Water Trust Board, Colonias Board, NM Fire Planning Task Force and CAR Subcommittee, and DFA Grant Opportunities, and NMDOT Federal Lands Access Program Grant Council
- Hosted a State and Federal Agency Partner Expo as part of Legislative Conference
- Met with Congressional Members and Policy Staff During NACo Conference and New Mexico Delegate Breakfast

Policy Development

- Facilitated Contribution Request for NACo Public Lands Resource Center
- Served on the Anti-Donation Work Group
- Conducted Research on DWI Program, GRT Trends, Elected Official Salaries, and Managers Salaries
- Served on the NM Tech 2023 NM Statemap Advisory Committee
- Worked with General Counsel and Legal Bureau on State Health Benefit Assessments
- Facilitated meeting for Clerks, Sheriffs, IT, Attorneys, Fire & Emergency Managers to discuss election security
- Facilitated meeting for Assessors to engage stakeholders in discussions surrounding equitable disclosure for commercial properties
- Worked with NMML to conduct local government survey of IPRA

Public Relations & Innovation

- Consolidated Annual Conference Schedule at the Request of County Managers
- Attended NACo Legislative Conference, Annual Conference, President's & Executives Meeting, and NCCAE Meetings
- Established revenue sharing agreement with ClearGov (a NACo Affiliate) to create

opportunities for non-dues revenue

- Redesigned the Business Partner Program and implemented a 3-year, commission-based contract with CSAC to increase engagement
- Established monthly meeting with DFA and NMML
- Served on NCCAE Educational Subcommittee
- Served on the NM EDGE Reaccreditation Team
- Served on the Luna College Wildfire Resilience Training Center Advisory Council
- Met with State Forestry, Superintendent of Insurance and other stakeholders to discuss property insurance and wildland urban interface concerns
- Participated in the NMML Annual Conference
- Participated in the NM Municipal League Conference

Staff Development

- Facilitated Monthly Senior Staff Meetings
- Participated in NMCIA Claims Committee Meetings
- Worked with NMCIA staff to implement new Lexipol Policy Development Software
- Successfully hired a new ML Claims Adjuster and Conference & Events Manager
- Created a new Investigator position within the Legal Bureau
- Facilitated the process to fill the Risk Management Director position, backfill the General Counsel position, and promote the Legal Bureau Chief

I am very grateful for the opportunity to serve NMC. If you would like any additional information on the initiatives listed above, please reach out to me. I look forward to working with you in the coming year.

Break up with spreadsheets. Fall in love with modern budgeting.



Budget Cycle Management

Discover the next-generation of cloud-based budgeting and performance management tools, engineered to empower our public servants.

Digital Budget Book

Produce an award-winning budget book in a fraction of the time.

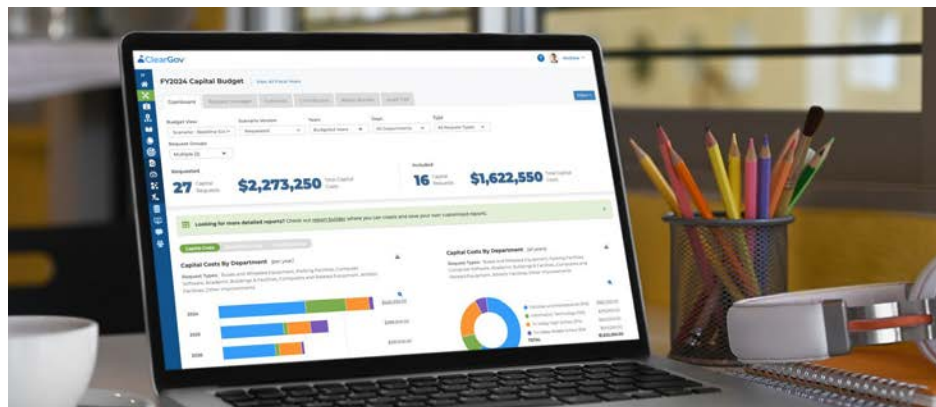
- Present your budget book as a website or a PDF to exceed viewing expectations.
- Automate the creation of fund summary pages, charts, tables and more.
- Meet and exceed GFOA award criteria with a built-in checklist and auto-generated content.



Capital Budgeting

Automate the way you prioritize capital requests to streamline your CIP process.

- Manage budget requests efficiently with ClearGov's web-based forms.
- Build different scenarios to determine the optimal combination of capital requests.
- Turn capital request data into detailed project pages instantly for sharing.



Personnel Budgeting

Build your personnel budget with powerful tools that ensure you've calculated every layer of cost.

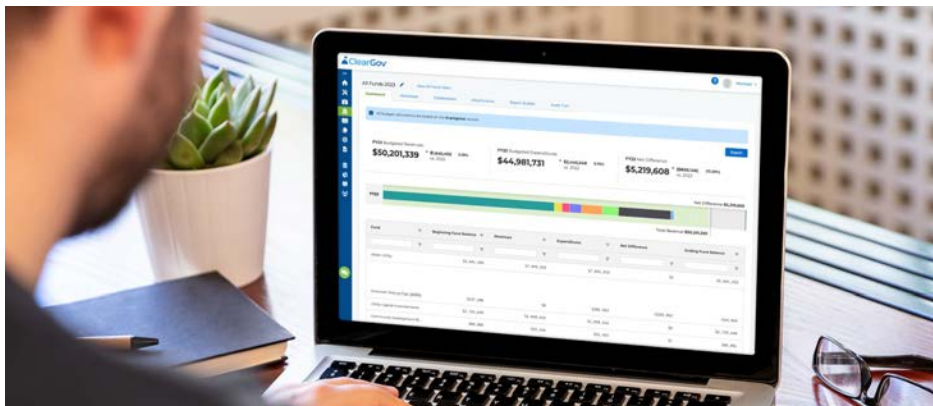
- Easily manage salaries, benefits, and vacancies, and inform union negotiations.
- Plan future scenarios and analyze how each impacts your budget at multiple levels.
- Streamline position requests from department heads.



Operational Budgeting

Eliminate spreadsheet errors and version control issues with cloud-native budgeting.

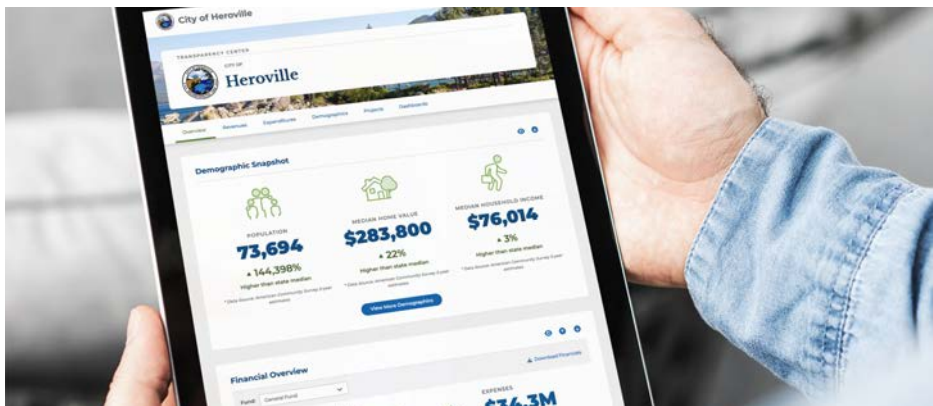
- Invite team members to collaborate and edit portions of the budget in real-time.
- Gain a complete view of all your funds and effectively track your budget versions.
- Experience an interactive dashboard that updates in real-time as changes are made.



Transparency

Tell your financial story in a way everyone can understand to drive community support.

- Display complex data with powerful visuals and infographics on a polished website.
- Customize your profile with charts, dashboards, projects pages and more.
- Easily add narrative to the numbers to provide context for stakeholders.



ClearPlans

Drive collaborative progress, real-time insights and budget impact for your strategic plans.

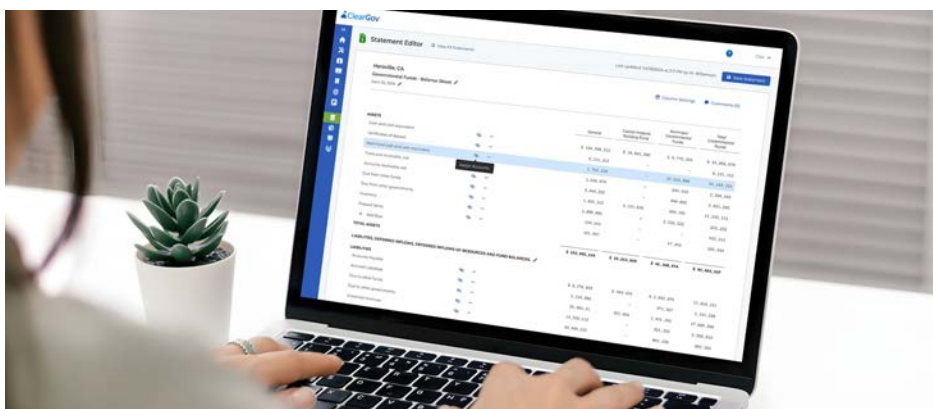
- Plan, execute and track your plan with seamless collaboration across departments.
- Assign ownership, set KPIs, allocate budget and communicate the progress in real-time.
- Present your plans online as a polished website or turn them into a shareable PDF.



COMING SOON Digital ACFR

Our purpose-built solution helps you build an award-winning ACFR in record time.

- Build ACFR pages quickly with pre-built templates and easily customize each section.
- Centralize communication between teams and auditors to accelerate approvals.
- Turn your ACFR into a ADA compliant interactive website or a shareable PDF.



NM Counties offers information on upcoming Ballot Initiative that would shift Compensation Decisions to Local County Commissions

Amendment 4 on November Ballot could affect 300+ county elected officials

(September 23, 2024 – Santa Fe, NM) – New Mexico Counties is providing information to voters on legislation on the November 2024 ballot that proposes local control of the salaries of county elected officials – a change that would allow local county governments the same control and flexibility that cities have when making salary decisions that reflect local financial realities. The initiative – The Local Compensation Amendment – is **Amendment 4** on the November 5th Ballot.



LOCAL COMPENSATION AMENDMENT

local decision-making. local control.

Amendment 4

The Local Compensation Amendment - Amendment 4 creates fairness in local government. Right now, cities have more control over compensation than counties do. Amendment 4 would level the playing field, giving counties the same ability to make important financial decisions based on their own local needs.

The Local Compensation Amendment – Amendment 4 – is about empowering local governments to act responsibly based on what their specific county can afford. Therefore, a shift in decision-making authority to local boards of commissioners would ensure that any changes reflect the community's needs and financial health, rather than adhering to a blanket decision by legislators that applies to all counties.

Since New Mexico became a state, counties have been unable to set the salaries of their elected officials. If Local Compensation Amendment - Amendment 4 - passes, it would allow individual counties to make their own financial decisions locally, without relying on the state for approval.

For more information on the Local Compensation Amendment – Amendment 4, visit www.nmcounties.org.

CONTACT INFORMATION

Joy Esparsen, Executive Director
New Mexico Counties
jesparsen@nmcounties.org

NM Counties provides information on a ballot initiative giving counties the same authority Cities have in setting salaries for elected officials

Local Compensation Act – Amendment 4 – provides county government with the freedom to set salaries for county elected officials

(September 23, 2024 – Santa Fe, NM) – New Mexico Counties is providing information on - a November 2024 ballot initiative that proposes removing a constitutional provision existing since statehood that mandates the NM legislature set the salaries of county elected officials. If passed, the Local Compensation Amendment (Amendment 4) would shift the responsibility of setting these salaries from Santa Fe to local county boards of commissioners.



LOCAL COMPENSATION AMENDMENT

local decision-making. local control.

Amendment 4

Equal Decision-Making

While municipalities (cities and towns) across New Mexico have long been able to make decisions about elected official compensation, county governments are bound by a constitutional provision existing since statehood that restricts their financial flexibility.

Budgeting Efficiency

While currently, cities have the authority to make budgetary decisions for their own residents, counties do not have the same flexibility. The Local Compensation Act – Amendment 4 – would afford counties the same opportunity to manage elected official compensation and budget accordingly – responding to their own local challenges and needs of their own residents.

Fairness in Local Government

Given the financial constraints of the day, it has become increasingly important for county governments to remain flexible to meet the financial needs of their communities. Cities already have this ability, and Amendment 4 – would give counties the same ability to determine compensation based on their unique financial conditions, ensuring fairness across local government.

Local Control

The Local Compensation Amendment gives local governments the flexibility to decide when – or if – salary adjustments are necessary, based on local circumstances.

For further information on the Local Compensation Amendment – Amendment 4, visit www.nmcounties.org.

CONTACT INFORMATION

Joy Esparsen, Executive Director
New Mexico Counties
jesparsen@nmcounties.org



LOCAL COMPENSATION AMENDMENT

local decision-making. local control.

Amendment 4

:30 RADIO SPOTS

General Spot that Touches on Equal Decision-Making and Local Responsiveness

Did you know that while cities can already make decisions about compensation, county governments are bound by a constitutional provision that's been around since statehood - which does not allow them the same local decision-making?

The Local Compensation Amendment – Amendment 4 – on the November ballot would allow counties equal flexibility to manage compensation, while also responding to the needs of their local residents.

Find out more about the Local Compensation Amendment - Amendment 4 – at www.nmcounties.org

Spot that Touches on Good Governance, Modernization and Progress in Local decision-making

Did you know that right now, a constitutional provision that's been around since New Mexico become a state is what governs the way counties make decisions about compensation? The Local Compensation Amendment – Amendment 4 on the November ballot would shift that authority to the local level, giving counties the same financial flexibility that cities have when it comes to local decision-making.

Find out more about the Local Compensation Amendment - Amendment 4 – at www.nmcounties.org

**VOTE ON
NOVEMBER 5**



LOCAL COMPENSATION AMENDMENT

local decision-making. local control.

Amendment 4

- local control over compensation adjustments
- give counties the same authority as municipalities
- address compensation discrepancies

More information at nmcounties.org



**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 5.B.	<u>Item Title:</u> Financial Reports
<u>Presenter (s):</u> Richard Garcia, Finance Director	



NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
Administered by New Mexico Counties

TO: NMCIA Board of Directors
FROM: Richard Garcia, Finance Director
DATE: October 17, 2024
RE: Member Capital Adequacy Payments

To date, the following counties have paid their three-year capital adequacy investment in full:

- Eddy County
- Lea County
- Luna County
- Roosevelt County
- Union County

The following counties have paid Year One in full:

- Curry County
- Guadalupe

The following counties have paid Year 1 (First Half):

- Bernalillo County
- Catron County
- Chaves County
- Cibola County
- Colfax County
- Dona Ana County
- Grant County
- Harding County
- Lincoln County
- Los Alamos County
- Mora County
- Otero County
- Rio Arriba County
- San Juan County
- Sandoval County
- Santa Fe County
- Sierra County
- Socorro County
- Torrance County
- Valencia County

The following six counties have yet to submit any payment as of October 17, 2024:

De Baca, Hidalgo, McKinley, Quay, San Miguel, Taos.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396



New Mexico County Insurance Authority Pool

Administered by New Mexico Counties

Statement of Financial Position (Unaudited)

8/31/2024

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 8,225,186	\$ 6,714,696
Accounts Receivable - Members	2,697,074	2,738,144
Accounts Receivable - Deductibles	654,669	699,978
Accounts Receivable - Capital Adequacy	1,384,591	-
Accounts Receivable - LE Accreditation Fee	-	2,500
Accounts Receivable - Reinsurance	8,623	12,002
Accounts Receivable - Hi Ded Counties	60,368	41,029
Accounts Receivable - Other	85,804	2,001,495
Note Receivable	1,245,814	1,335,915
Prepaid Expenses	5,136,505	4,062,546
Total Current Assets	<u>19,498,634</u>	<u>17,608,305</u>
Investments		
Exchange Traded Funds	57,892,036	55,400,760
US Government Bonds	35,722,609	16,295,382
Mutual Funds	6,570,043	23,154,326
Unrealized Gain/Loss	<u>(4,046,277)</u>	<u>(7,873,505)</u>
County Reinsurance Pool Equity	836,257	736,928
County Reinsurance Property Plus Equity	3,502,986	2,050,478
Captive Reinsurance	17,737,207	19,844,564
Total Investments	<u>118,214,860</u>	<u>109,608,932</u>
Total Assets	<u><u>\$ 137,713,495</u></u>	<u><u>\$ 127,217,237</u></u>
Liabilities and Pool Net Position		
Current Liabilities		
Accounts Payable	\$ 17,420	\$ 2,052,309
Accounts Payable-NMAC Legal Bureau Atty Fees	96,187	197,894
Unearned Capital Adequacy Contributions	2,967,222	-
Unearned Member Contributions	18,822,933	17,432,241
Total Current Liabilities	<u>21,903,763</u>	<u>19,682,445</u>
Long Term Liabilities		
Reserve for Future Claims		
Multi-Line Program	12,113,387	12,086,334
Law Enforcement Program	59,262,674	30,931,212
Workers' Compensation Program	19,481,201	19,996,158
Total Long Term Liabilities	<u>\$ 90,857,262</u>	<u>\$ 63,013,704</u>
Total Liabilities	<u><u>\$ 112,761,025</u></u>	<u><u>\$ 82,696,149</u></u>
Fund Balance	36,916,722	44,601,748
Current Year Pool Net Position	<u>(11,964,251)</u>	<u>(80,661)</u>
Total Pool Net Position	<u><u>\$ 24,952,470</u></u>	<u><u>\$ 44,521,088</u></u>
Total Liabilities and Net Position	<u><u>\$ 137,713,495</u></u>	<u><u>\$ 127,217,237</u></u>



New Mexico County Insurance Authority Pool

Administered by New Mexico Counties
Income/Budget Statement (Unaudited)

8/31/2024

	<u>2024 Budget</u>	<u>Jan 01, 2024 through Aug 31, 2024</u>	<u>67% of Budget</u>
<u>Income</u>			
Member Contributions	\$ 42,012,768	\$ 28,119,158	67%
Capital Adequacy Contributions		1,482,112	
Accreditation Fees		11,000	
Total Income	\$ 42,012,768	\$ 29,612,270	70%
<u>Expenses</u>			
<u>Claims & Claim Adjusting Expense</u>			
Paid Claims	\$ 28,726,274	\$ 27,820,559	119%
Pool Portion - Group 1 (up to \$5MM for IMM)	610,486	-	0%
Pool Additional - Group 1 (up to \$5MM for IMM)	484,000	-	0%
Adjustment to ULAE		608,124	
Nurse Case Manager		(75,203)	
Claims Reserves		14,149,899	
Recoveries - Deductibles		(4,819,180)	
Recoveries - Reinsurance		(1,857,770)	
Recoveries - County Settlements		(265,537)	
Recoveries - Subrogation & Salvage		(156,946)	
Reinsurance	6,994,242	5,563,549	80%
Brokerage Fees	100,000	61,667	62%
Total Claims & Claim Adjusting	\$ 36,915,003	\$ 41,029,162	111%
<u>Risk Mitigation Expense</u>			
Administrative Fee-NMAC	\$ 555,982	\$ 378,115	68%
Special Projects	90,000	45,554	51%
EDGE Detention Scholarships	15,000	-	0%
Online Training Tool	190,000	-	0%
Loss Incentive Program	50,000	35,000	70%
Legal Advice Program	50,000	30,350	61%
Lexipol	255,000	161,691	63%
Law Enforcement Accreditation	76,000	65,935	87%
Total Risk Mitigation Expense	\$ 1,281,981	\$ 716,645	56%
<u>Administrative & Other</u>			
Administrative Fee-NMAC	\$ 4,129,170	\$ 2,748,218	67%
Actuary	42,000	35,775	85%
Financial Audit	72,000	32,697	45%
Claims Audit	25,000	-	0%
Payroll Audit	60,000	48,431	81%
Legal Bureau Operations	250,000	-	0%
Property Appraisal Fees	135,000	97,000	72%
Legal Expense	42,500	-	0%
Software Support, Licensing, Training	410,000	217,237	53%
Board Training & Education	30,000	-	0%
Board D&O Insurance	129,000	19,761	15%
Miscellaneous	13,000	-	0%
Total Admin & Other	\$ 5,337,669	\$ 3,199,119	60%
Total Expenses	\$ 43,534,653	\$ 44,944,926	103%
Operating Income	\$ (1,521,885)	\$ (15,332,656)	
Investment Income	2,907,422	2,254,288	
Net Change in Fair Value of Investments	-	1,044,013	
Interest Income on Note Receivable	-	34,132	
Earnings from Investment in Captive Reinsurance	-	35,972	
Total Non-Operating Revenue	\$ 2,907,422	\$ 3,368,405	
Net Position	\$ 1,385,537	\$ (11,964,251)	

Law Enforcement Program Financials



Law Enforcement Program
 Administered by New Mexico Counties
Statement of Financial Position (Unaudited)
 8/31/2024

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 3,703,235	\$ 2,662,678
Accounts Receivable - Deductibles	404,766	220,403
Accounts Receivable - Capital Adequacy	429,600	-
Accounts Receivable - LE Accreditation Fee	-	2,500
Accounts Receivable - Due From NMAC	3,500	-
Prepaid Expenses	1,236,566	60,453
Total Current Assets	5,777,666	2,946,034
Investments		
Exchange Traded Funds	\$ 23,187,842	\$ 23,306,764
US Government Bonds	13,177,114	5,329,150
Mutual Funds	2,651,825	9,811,105
Unrealized Gain/Loss	(1,439,604)	(2,975,603)
Captive Reinsurance	17,735,408	19,844,564
Total Investments	55,312,585	55,315,979
Total Assets	\$ 61,090,251	\$ 58,262,013
Liabilities and Surplus		
Current Liabilities		
Accounts Payable	\$ 0	\$ 2,007,024
Accounts Payable-NMAC Legal Bureau Atty Fees	63,485	121,655
Unearned Capital Adequacy Contributions	1,373,841	-
Unearned Member Contributions	6,746,064	6,136,748
Total Current Liabilities	8,183,390	8,265,427
Long Term Liabilities		
Reserve for Future Claims		
Fund Year 19 - 2013	\$ -	\$ 3,989
Fund Year 22 - 2016	182,588	403,415
Fund Year 23 - 2017	949,010	1,246,431
Fund Year 24 - 2018	(719)	532,281
Fund Year 25 - 2019	2,107,157	1,084,047
Fund Year 26 - 2020	3,660,740	3,229,223
Fund Year 27 - 2021	6,548,815	5,650,743
Fund Year 28 - 2022	15,754,926	11,100,346
Fund Year 29 - 2023	16,332,145	6,305,871
Fund Year 29 - 2024	10,987,489	-
Claims Mgmt Fees-Future	2,740,524	1,374,868
Total Long Term Liabilities	\$ 59,262,674	\$ 30,931,212
Total Liabilities	\$ 67,446,064	\$ 39,196,640
Fund Balance	\$ 9,184,429	\$ 17,960,289
Current Year Net Position	(15,540,242)	1,105,084
Total Net Position	\$ (6,355,813)	\$ 19,065,373
Total Liabilities and Net Position	\$ 61,090,251	\$ 58,262,013



Law Enforcement Program
Administered by New Mexico Counties
Income/Budget Statement (Unaudited)
8/31/2024

	2024 Budget	Jan 01, 2024 through Aug 31, 2024	67% of Budget
<u>Income</u>			
Member Contributions	\$ 19,870,424	\$ 13,492,127	68%
Capital Adequacy Contributions		685,421	
Accreditation Fees		11,000	
Total Income	\$ 19,870,424	\$ 14,188,548	71%
<u>Expenses</u>			
<u>Claims & Claim Adjusting Expense</u>			
Paid Claims	\$ 13,837,552	\$ 13,464,230	182%
Pool Portion - Group 1 (up to \$5MM for IMMH)	610,486	-	0%
Pool Additional - Group 1 (up to \$5MM for IMMH)	484,000	-	0%
Adjustment to ULAE		664,910	
Claims Reserves		15,009,877	
Recoveries - Deductibles		(1,885,764)	
Recoveries - Reinsurance		-	
Recoveries - County Settlements		(16,250)	
Reinsurance - all (up to \$2MM for IMMH)	3,300,000	2,170,710	66%
Brokerage Fees	35,000	23,333	67%
Total Claims & Claim Adjusting Expense	\$ 18,267,038	\$ 29,431,046	161%
<u>Risk Mitigation Expense</u>			
Administrative Fee-NMC	\$ 148,290	\$ 106,326	72%
Special Projects	45,000	45,554	101%
EDGE Detention Scholarships	15,000	-	0%
Online Training Tool	60,000	-	0%
Law Enforcement Accreditation	76,000	65,935	87%
Legal Advice Program	30,000	29,745	99%
Lexipol	255,000	161,691	63%
Loss Incentive Program	15,000	-	0%
Total Risk Mitigation Expense	644,290	409,251	64%
<u>Administrative & Other Expense</u>			
Administrative Fee-NMC	\$ 1,737,040	\$ 1,153,459	66%
Actuary	15,000	12,625	84%
Financial Audit	30,000	10,899	36%
Legal Bureau Operations	250,000	-	0%
Legal Expense	20,000	-	0%
Software Support, Licensing, Training	130,000	66,162	51%
Board Training and Education	7,500	-	0%
Board D&O Insurance	43,000	6,585	15%
Miscellaneous	4,000	-	0%
Total Admin & Other Expense	\$ 2,236,540	\$ 1,249,730	56%
Total Expenses	\$ 21,147,868	\$ 31,090,027	147%
Operating Income	\$ (1,277,444)	\$ (16,901,479)	
Investment Income	1,140,222	875,949	
Net Change in Fair Value of Investments		451,114	
Earnings from Investment in Captive Reinsurance		34,174	
Total Non-Operating Revenue	\$ 1,140,222	\$ 1,361,237	
Net Position	\$ (137,222)	\$ (15,540,242)	



Law Enforcement Program
Administered by New Mexico Counties
Schedule of Investments 8/31/2024

<u>Cash</u>	Current Average			
	<u>Yield</u>	<u>Amount</u>	<u>Interest</u>	
Banks, Money Market Accts & State Treas LGIP	0.9055%	\$ 3,703,235	\$ 33,532	
<u>Securities</u>	<u>Est. Ann. Yld</u>	<u>Ending Market Val</u>	<u>Cost</u>	<u>Market Gain/Loss *</u>
Exchange Traded Funds	3.95%	21,731,460	23,187,842	(1,456,382)
Certificates of Deposit	0.00%	-	-	-
Government Bonds	2.60%	13,130,732	12,961,243	169,490
Govt Asset Backed Sec	5.05%	88,095	215,871	(127,776)
Mutual Funds	5.71%	2,626,889	2,651,825	(24,936)
<hr/>				
Total Investments	3.60%	\$ 37,577,177	\$ 39,016,781	\$ (1,439,604)
Total Cash & Investments	3.36%	\$ 41,280,412	\$ 42,720,016	
Estimated Annual Income on Cash & Investments		\$ 1,387,361		
By Institution:				
Wells Fargo/Salmon Hauger Wealth Mgmt.		89%	\$ 37,843,069	
Moreton Capital Markets		10%	4,342,951	
First National Santa Fe		1%	533,325	
State Treasurers LGIP		0%	671	
<hr/>				
		100%	\$ 42,720,016	

* Investments are purchased based on "yield to maturity." Market fluctuations do not affect the yield to maturity unless a premature sale is made

Multi-Line Program Financials



Multi-Line Program
Administered by New Mexico Counties
Statement of Financial Position (Unaudited)
8/31/2024

	<u>August 31, 2024</u>	<u>August 31, 2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,424,405	\$ 1,832,509
Accounts Receivable - Members	-	1
Accounts Receivable - Deductibles	249,904	479,575
Accounts Receivable - Capital Adequacy	337,091	-
Accounts Receivable - Other	-	2,000,000
Note Receivable	1,245,814	1,335,915
Prepaid Expenses	2,984,935	3,226,187
Total Current Assets	<u>7,242,150</u>	<u>8,874,187</u>
Investments		
Exchange Traded Funds	\$ 20,478,701	\$ 17,876,803
US Government Bonds	6,652,055	5,632,483
Mutual Funds	2,518,172	2,178,250
Unrealized Gain/Loss	(1,384,910)	(2,076,142)
County Reinsurance Pool Equity	<u>364,298</u>	<u>216,701</u>
County Reinsurance Property Plus Equity	3,502,986	2,050,478
Captive Reinsurance	1,799	-
Total Investments	<u>32,133,101</u>	<u>25,878,573</u>
Total Assets	<u>\$ 39,375,250</u>	<u>\$ 34,752,760</u>
Liabilities and Surplus		
Current Liabilities		
Accounts Payable-NMAC Legal Bureau Atty Fees	\$ 32,702	\$ 76,239
Accounts Payable - Other	566	1,600
Unearned Capital Adequacy Contributions	729,475	-
Unearned Member Contributions	4,151,386	3,396,888
Total Current Liabilities	<u>4,914,128</u>	<u>3,474,727</u>
Long Term Liabilities		
Reserve for Future Claims		
Fund Year 21 - 2009	\$ 1,919	\$ 1,615
Fund Year 23 - 2011	231,046	156,956
Fund Year 26 - 2014	10,001	-
Fund Year 29 - 2017	15,076	94,068
Fund Year 30 - 2018	369,998	588,474
Fund Year 31 - 2019	243,333	439,938
Fund Year 32 - 2020	591,087	1,072,747
Fund Year 33 - 2021	1,488,923	3,099,412
Fund Year 34 - 2022	1,830,000	3,244,027
Fund Year 35 - 2023	3,437,500	2,771,625
Fund Year 36 - 2024	3,326,772	-
Claims Mgmt Fees-Future	567,732	617,472
Total Long Term Liabilities	<u>\$ 12,113,387</u>	<u>\$ 12,086,334</u>
Total Liabilities	<u>\$ 17,027,515</u>	<u>\$ 15,561,061</u>
Fund Balance	20,412,792	20,381,630
Current Year Net Position	1,934,943	(1,189,932)
Total Net Position	<u>\$ 22,347,735</u>	<u>\$ 19,191,698</u>
Total Liabilities and Net Position	<u>\$ 39,375,250</u>	<u>\$ 34,752,760</u>



Multi-Line Program
 Administered by New Mexico Counties
Income/Budget Statement (Unaudited)
 8/31/2024

	2024 Budget	Jan 01, 2024 through Aug 31, 2024	67% of Budget
<u>Income</u>			
Member Contributions	\$ 11,953,146	\$ 8,302,771	69%
Capital Adequacy Contributions		364,738	
Total Income	\$ 11,953,146	\$ 8,667,509	73%
<u>Expenses</u>			
<u>Claims & Claim Adjusting Expense</u>			
Paid Claims	\$ 8,169,488	\$ 9,219,296	47%
Adjustment to ULAE		(43,343)	
Claims Reserves		(675,847)	
Recoveries - Deductibles		(2,608,954)	
Recoveries - Subrogation & Salvage		(122,478)	
Recoveries - Reinsurance		(1,693,391)	
Recoveries - County Settlements		(249,287)	
Reinsurance	2,611,374	2,790,284	107%
Brokerage Fees	35,000	23,334	67%
Total Claims & Claim Adjusting Expense	\$ 10,815,862	\$ 6,639,614	61%
<u>Risk Mitigation Expense</u>			
Administrative Fee-NMC	\$ 122,202	\$ 81,498	67%
Special Projects	45,000	-	0%
Online Training Tool	60,000	-	0%
Legal Advice Program	10,000	-	0%
Total Risk Mitigation Expense	\$ 237,202	\$ 81,498	34%
<u>Administrative & Other Expense</u>			
Administrative Fee-NMC	\$ 1,333,128	\$ 888,722	67%
Actuary	15,000	12,750	85%
Financial Audit	30,000	10,899	36%
Claims Audit	15,000	-	0%
Property Appraisal Fees	135,000	97,000	72%
Legal Expense	20,000	-	0%
Software Support, Licensing, Training	130,000	83,664	64%
Board Training & Education	7,500	-	0%
Board D&O Insurance	43,000	6,591	15%
Miscellaneous	4,000	-	0%
Total Admin & Other Expense	\$ 1,732,628	\$ 1,099,626	63%
Total Expenses	\$ 12,785,692	\$ 7,820,738	61%
Operating Income	\$ (832,546)	\$ 846,771	
Investment Income	817,387	658,303	
Net Change in Fair Value of Investments		393,939	
Interest Income on Note Receivable	-	34,132	
Earnings from Investment in Captive Reinsurance		1,798	
Total Non-Operating Revenue	\$ 817,387	\$ 1,088,172	
Net Position	\$ (15,160)	\$ 1,934,943	



Multi-Line Program
Administered by New Mexico Counties
Schedule of Investments 8/31/2024

<u>Cash</u>	<u>Current Average</u>		<u>Amount</u>	<u>Interest</u>
Banks, Money Market Accts & State Treas LGIP	0.019%		\$ 2,424,405	\$ 471
<u>Securities</u>	<u>Est. Ann. Yld</u>	<u>Ending Market Val</u>	<u>Cost</u>	<u>Market Gain/Loss *</u>
Exchange Traded Funds	3.99%	19,242,449	20,478,701	(1,236,253)
Certificates of Deposit	0.00%	-	-	-
Government Bonds	1.49%	6,423,460	6,313,583	109,877
Govt Asset Backed Sec	5.32%	104,220	338,472	(234,251)
Mutual Funds	5.62%	2,493,889	2,518,172	(24,283)
<hr/>				
Total Investments	3.57%	\$ 28,264,018	\$ 29,648,928	\$ (1,384,910)
Total Cash & Investments	3.29%	\$ 30,688,423	\$ 32,073,333	
Estimated Annual Income on Cash & Investments		\$ 1,009,232		
By Institution:				
Wells Fargo/Salmon Hauger Wealth Mgmt.		99%	\$ 31,674,752	
First National Santa Fe		1%	398,114	
State Treasurers LGIP		0%	467	
		<hr/>		
		100%	\$ 32,073,333	

* Investments are purchased based on "yield to maturity." Market fluctuations do not affect the yield to maturity unless a premature sale is made

Unaudited Financial Statements as of June 30, 2024

New Mexico County Reinsurance, Inc.

Christopher C. Bridges, CPA
Senior Vice President – Captives North America
PO Box 4239 | Clinton, IA 52733-4239
480.275.9043 | chris_bridges@artextrisk.com
artextrisk.com

Artex

Alternative
Risk

New Mexico County Reinsurance, Inc.
Unaudited GAAP Financial Statements
June 30, 2024

Contents

<u>GAAP Financial Statements</u>	<u>Page</u>
Balance Sheet	1
Statements of Operation	2
Statement of Cash Flow	3
<u>Other Financial Information</u>	
Exhibits	4-7

New Mexico County Reinsurance, Inc. Balance Sheet

		Unaudited June 30, 2024	Unaudited June 30, 2023	Unaudited December 31, 2023
Assets:				
Cash & cash equivalents	<i>Exhibit 1</i>	\$ 1,363,876.83	\$ 1,778,385.00	\$ 1,547,120.69
Investments	<i>Exhibit 2</i>	22,689,614.10	17,853,861.90	18,727,551.04
Accrued interest		109,082.62	72,377.36	84,086.64
Prepaid expenses	<i>Exhibit 3</i>	19,414.28	20,498.26	-
Deferred tax asset		-	119,441.14	-
Total Assets		\$ 24,181,987.83	\$ 19,844,563.66	\$ 20,358,758.37
Liabilities:				
Incurred but not reported	<i>Exhibit 5</i>	\$ 1,856,523.00	\$ 1,669,014.00	\$ 2,512,525.00
Outstanding Loss Reserves		2,715,045.00	-	145,000.00
Total unpaid reserves		4,571,568.00	1,669,014.00	2,657,525.00
Unearned premium reserve		1,873,213.00	1,943,343.00	-
Federal income tax payable		-	219,893.08	-
Total Liabilities		6,444,781.00	3,832,250.08	2,657,525.00
Shareholder's Equity:				
Contributed Capital & Surplus		15,600,000.00	15,600,000.00	15,600,000.00
Retained Earnings		2,137,206.83	412,313.58	2,101,233.37
Total Shareholder's Equity		17,737,206.83	16,012,313.58	17,701,233.37
Total Liabilities and Shareholder's Equity		\$ 24,181,987.83	\$ 19,844,563.66	\$ 20,358,758.37

For Internal Use Only

New Mexico County Reinsurance, Inc.
Statement of Operations

	<i>Current</i>		<i>Prior</i>	
	<i>Quarter</i>	<i>Year-to-Date</i>	<i>Year-to-Date</i>	<i>Year</i>
	April 1, 2024 - June 30, 2024	January 1, 2024 - June 30, 2024	January 1, 2023 - June 30, 2023	January 1, 2023 - December 31, 2023
Assumed premium	\$ -	\$ 3,726,064.00	\$ 3,855,000.00	\$ 3,855,000.00
Change in unearned assumed premium	926,425.00	(1,873,213.00)	(1,943,343.00)	-
Net earned premium	926,425.00	1,852,851.00	1,911,657.00	3,855,000.00
Change in outstanding reserves	528,045.00	2,570,045.00	-	145,000.00
Change in IBNR	612,129.00	(656,002.00)	1,423,036.00	2,266,547.00
Total losses incurred	1,140,174.00	1,914,043.00	1,423,036.00	2,411,547.00
Placement fees	-	30,000.00	30,000.00	30,000.00
Underwriting expense	1,140,174.00	1,944,043.00	1,453,036.00	2,441,547.00
Net underwriting profit (loss)	(213,749.00)	(91,192.00)	458,621.00	1,413,453.00
Audit and tax fees	-	-	-	11,500.00
Actuarial fees	4,250.00	11,250.00	8,000.00	8,000.00
Captive management	15,000.00	30,000.00	30,000.00	60,000.00
Legal fee	-	-	49,386.90	26,843.15
License & fees	(18.00)	7,510.00	7,518.00	45,518.00
D&O insurance expense	2,183.14	4,366.28	5408.62	10,906.88
Directors fees	-	200.00	200.00	200.00
Meeting expenses	-	-	-	(164.70)
Bank fees	-	-	25.00	225.00
Miscellaneous Expense	-	-	9.90	84.90
Operating expenses	21,415.14	53,326.28	100,548.42	163,113.23
Investment income	221,663.16	453,468.59	247,080.29	641,712.89
Realized gain (loss)	-	6,241.64	-	3,000.49
Unrealized gain (loss)	(94,782.77)	(259,341.30)	(101,903.77)	212,935.84
Investment expenses	(10,246.85)	(19,877.19)	(14,156.01)	(30,428.05)
Other income (expense)	116,633.54	180,491.74	131,020.51	827,221.17
Income (loss) before taxes	(118,530.60)	35,973.46	489,093.09	2,077,560.94
Current income tax (expense)	-	-	(212,501.76)	-
Deferred tax (expense)/benefit	-	-	117,021.03	-
Net income (loss)	\$ (118,530.60)	\$ 35,973.46	\$ 393,612.36	\$ 2,077,560.94

For Internal Use Only

New Mexico County Reinsurance, Inc.
Unaudited GAAP Financial Statements
Statement of Cash Flow
June 30, 2024

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Net income/(loss)	\$	35,973.46
Premium received		
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:		
Net unrealized (gains) losses on investments		259,341.30
Bond amortization		(14,901.88)
(Decrease) increase in:		
Accrued interest		(24,995.98)
Prepaid expenses		(19,414.28)
Accounts payable & accrued expenses		-
Unearned premium reserve		1,873,213.00
Incurred but not reported		(656,002.00)
Outstanding Loss Reserves		2,570,045.00
Total adjustments		<u>3,742,845.74</u>
Net cash provided (used) by operating activities		4,023,258.62
Cash provided (used) by financing activities		<u>-</u>
Net cash provided (used) by financing activities		<u>-</u>
Cash provided (used) by investing activities		
Purchase of investments		(4,866,274.81)
Proceeds from sale of marketable securities		666,013.97
Realized (gain) loss on sales		(6,241.64)
Net cash provided (used) by investing activities		<u>(4,206,502.48)</u>
Net increase (decrease) in cash & cash equivalents		(183,243.86)
Cash & cash equivalents at beginning of period		<u>1,547,120.69</u>
Cash & cash equivalents at end of period	\$	<u><u>1,363,876.83</u></u>

For Internal Use Only

New Mexico County Reinsurance, Inc.
Unaudited Cumulative Statement of Operations

	Program Yr. 1 <u>1/1/2022-1/1/2023</u>	Program Yr. 2 <u>1/1/2023-1/1/2024</u>	Program Yr. 3 <u>1/1/2024-1/1/2025</u>	<u>Total</u>
Assumed premium	\$ 333,000.00	\$ 3,855,000.00	\$ 3,726,064.00	\$ 7,914,064.00
Change in unearned assumed premium	-	-	(1,873,213.00)	(1,873,213.00)
Net earned premium	<u>333,000.00</u>	<u>3,855,000.00</u>	<u>1,852,851.00</u>	<u>6,040,851.00</u>
Losses & losses adjustment expenses paid	-	-	-	-
Change in outstanding reserves	160,045.00	2,555,000.00	-	2,715,045.00
Change in IBNR	85,933.00	222,853.00	1,547,737.00	1,856,523.00
Total losses incurred	<u>245,978.00</u>	<u>2,777,853.00</u>	<u>1,547,737.00</u>	<u>4,571,568.00</u>
Placement fees	-	30,000.00	30,000.00	60,000.00
Underwriting expense	<u>245,978.00</u>	<u>2,807,853.00</u>	<u>1,577,737.00</u>	<u>4,631,568.00</u>
Net underwriting profit (loss)	87,022.00	1,047,147.00	275,114.00	1,409,283.00
Audit and tax fees	-	11,500.00	-	11,500.00
Actuarial fees	-	8,000.00	11,250.00	19,250.00
Captive management	60,000.00	60,000.00	30,000.00	150,000.00
Legal fee	75.00	26,843.15	-	26,918.15
Regulatory exam	-	-	-	-
License & fees	6,375.00	45,518.00	7,510.00	59,403.00
D&O insurance expense	4,137.63	10,906.88	4,366.28	19,410.79
Directors fees	-	200.00	200.00	400.00
Meeting expenses	164.70	(164.70)	-	-
Bank fees	175.00	225.00	-	400.00
Miscellaneous Expense	25.00	84.90	-	109.90
Operating expenses	<u>70,952.33</u>	<u>163,113.23</u>	<u>53,326.28</u>	<u>287,391.84</u>
Investment income	8,295.70	641,712.89	453,468.59	1,103,477.18
Realized gain (loss)	-	3,000.49	6,241.64	9,242.13
UnRealized gain (loss)	-	212,935.84	(259,341.30)	(46,405.46)
Investment expenses	(692.94)	(30,428.05)	(19,877.19)	(50,998.18)
Other income (expense)	<u>7,602.76</u>	<u>827,221.17</u>	<u>180,491.74</u>	<u>1,015,315.67</u>
Net income (loss)	<u>\$ 23,672.43</u>	<u>\$ 1,711,254.94</u>	<u>\$ 402,279.46</u>	<u>\$ 2,137,206.83</u>

For Internal Use Only

New Mexico County Reinsurance, Inc.
Exhibits
For the Period Ended June 30, 2024

Exhibit 1	<u>Cash & cash equivalents</u>	<u>Current Quarter End</u>	<u>Prior Fiscal Year- end</u>	
	Wells Fargo Advisors #2932 Investment Account - cash	\$ 59,837.30	\$ 111,888.75	
	Wells Fargo Advisors #2932 Investment Account - money market	715,331.56	757,537.42	
	Wells Fargo Advisors #1288 Investment Account - cash	15,146.04	-	
	Wells Fargo Advisors #1288 Investment Account - money market	573,561.93	677,694.52	
	Total	<u>\$ 1,363,876.83</u>	<u>\$ 1,547,120.69</u>	
Exhibit 2	<u>Investments</u>	<u>Current Quarter End - Amortized [Original] Cost</u>	<u>Current Quarter End - Market Value</u>	<u>Prior Fiscal Year- end - Market Value</u>
	Wells Fargo Advisors #2932 Investment Account	\$ 22,736,019.56	\$ 22,689,614.10	\$ 18,727,551.04
	Total	<u>\$ 22,736,019.56</u>	<u>\$ 22,689,614.10</u>	<u>\$ 18,727,551.04</u>
Exhibit 3	<u>Prepaid expenses</u>	<u>Current Quarter End</u>	<u>Prior Fiscal Year- end</u>	
	Captive management fees	\$ 15,000.00	\$ -	
	D&O insurance	4,414.28	-	
	Total	<u>\$ 19,414.28</u>	<u>\$ -</u>	

New Mexico County Reinsurance, Inc.
Exhibits
For the Period Ended June 30, 2024

		A	B	C	D	E	F	G
			Written Prior Fiscal Year	Written Current Fiscal Year			Current Quarter- End	Prior Fiscal-Year End
		Policy effective date	Policy Premium	Policy Premium	# days earned this year	Premium Earned Current Year-to- date	Premium Unearned	Premium Unearned
Exhibit 4	Premiums							
Grand Total, Policies In Force			\$ 4,188,000.00	\$ 3,726,064.00		\$ 1,852,851.00	\$ 1,873,213.00	\$ -
				<i>Premium written on P&L</i>		<i>Premium earned on P&L</i>	<i>UEPR on balance sheet</i>	<i>UEPR on balance sheet</i>
<u>Assumed Coverage</u>								
A-Cov1	Law Enforcement Liability Reinsurance - All counties	1/1/2022	\$ 333,000.00	\$ -	0	\$ -	\$ -	\$ -
A-Cov1	Law Enforcement Liability Reinsurance - All counties	1/1/2023	3,375,000.00	-	0	\$ -	\$ -	\$ -
A-Cov2	Law Enforcement Liability Reinsurance - Only Bernalillo, Dona Ana, Sandoval & Sante Fe	1/1/2023	480,000.00	-	0	\$ -	\$ -	\$ -
A-Cov1	Law Enforcement Liability Reinsurance - All counties	1/1/2024	-	2,824,455.00	182	\$ 1,404,510.00	\$ 1,419,945.00	\$ -
A-Cov2	Law Enforcement Liability Reinsurance - Only Bernalillo, Dona Ana, Sandoval & Sante Fe	1/1/2024	-	367,231.00	182	\$ 182,612.00	\$ 184,619.00	\$ -
A-Cov3	Law Enforcement Liability Reinsurance-Inadequate Healthcare/Mental Services	1/1/2024	-	64,378.00	182	\$ 32,013.00	\$ 32,365.00	\$ -
PACK	Multi-line Liability Reinsurance-General, Auto, Employment Practices, Employee Benefits, Public Officials E&O	1/1/2024	-	470,000.00	182	\$ 233,716.00	\$ 236,284.00	\$ -
Total			<u>\$ 4,188,000.00</u>	<u>\$ 3,726,064.00</u>		<u>\$ 1,852,851.00</u>	<u>\$ 1,873,213.00</u>	<u>\$ -</u>

For Internal Use Only

New Mexico County Reinsurance, Inc.
Exhibits
For the Period Ended June 30, 2024

		A	B	C	D	E	F	G	H	I	J	
			(C/A)			(C / 365 * D)		(E - F)			(E - H - I)	
Exhibit 5	<u>Losses and loss reserves</u>									Inception to Date		
Coverage Code	Coverage Description	Policy effective date	Full Year Premium	Loss Ratio	Full Year Ultimate	# of days	Ultimate Pro-rata	Prior Year's Pro-rata Ultimate	Current Year-to-Date Provision for Loss	Paid Losses	Case Reserves (OSLR)	IBNR Reserve
Grand Total, Policies In Force			\$ 7,914,064.00	77.5%	\$ 6,136,314.00		\$ 4,571,568.00	\$ 2,657,525.00	\$ 1,914,043.00	\$ -	\$ 2,715,045.00	\$ 1,856,523.00
										<i>Prov for Loss per P&L</i>		
										<i>OSLR on balance sheet</i>		
										<i>IBNR on balance sheet</i>		
<u>Law Enforcement Liability Reinsurance - All Counties</u>												
A-Cov1	10% share of \$3,000,000 in excess of \$2,000,000	1/1/2022	\$ 333,000.00	73.9%	\$ 245,978.00	365	\$ 245,978.00	\$ 245,978.00	\$ -	\$ -	\$ 160,045.00	\$ 85,933.00
A-Cov1	\$2,000,000 Excess of \$2,000,000	1/1/2023	\$ 3,375,000.00	67.5%	\$ 2,277,853.00	365	\$ 2,277,853.00	\$ 2,277,853.00	\$ -	\$ -	\$ 2,055,000.00	\$ 222,853.00
A-Cov1	\$2,000,000 Excess of \$2,000,000	1/1/2024	\$ 2,824,455.00	82.4%	\$ 2,326,847.00	182	\$ 1,157,066.00	\$ -	\$ 1,157,066.00	\$ -	\$ -	\$ 1,157,066.00
Total Assumed Coverage 1		Total	\$ 6,532,455.00	74.3%	\$ 4,850,678.00		\$ 3,680,897.00	\$ 2,523,831.00	\$ 1,157,066.00	\$ -	\$ 2,215,045.00	\$ 1,465,852.00
<u>Law Enforcement Liability Reinsurance - Only Bernalillo, Dona Ana, Sandoval & Santa Fe</u>												
A-Cov2	50% share of \$1,000,000 Excess of \$4,000,000	1/1/2023	\$ 480,000.00	104.2%	\$ 500,000.00	365	\$ 500,000.00	\$ 133,694.00	\$ 366,306.00	\$ -	\$ 500,000.00	\$ -
A-Cov2	50% share of \$1,000,000 Excess of \$4,000,000	1/1/2024	\$ 367,231.00	77.2%	\$ 283,480.00	182	\$ 140,965.00	\$ -	\$ 140,965.00	\$ -	\$ -	\$ 140,965.00
Total Assumed Coverage 2		Total	\$ 847,231.00	92.5%	\$ 783,480.00		\$ 640,965.00	\$ 133,694.00	\$ 507,271.00	\$ -	\$ 500,000.00	\$ 140,965.00
<u>Law Enforcement Liability Reinsurance-Inadequate Healthcare/Mental Services</u>												
A-Cov3	50% share of \$2,000,000 Excess of \$2,000,000	1/1/2024	\$ 64,378.00	152.3%	\$ 98,063.00	182	\$ 48,764.00	\$ -	\$ 48,764.00	\$ -	\$ -	\$ 48,764.00
Total Assumed Coverage 3		Total	\$ 64,378.00	152.3%	\$ 98,063.00		\$ 48,764.00	\$ -	\$ 48,764.00	\$ -	\$ -	\$ 48,764.00
<u>Multi-line Liability Reinsurance-General, Auto, Employment Practices, Employee Benefits, Public Officials E&O</u>												
PACK	\$1,000,000 Excess of \$1,000,000	1/1/2024	\$ 470,000.00	86.0%	\$ 404,093.00	182	\$ 200,942.00	\$ -	\$ 200,942.00	\$ -	\$ -	\$ 200,942.00
Total Assumed Coverage Package Policy		Total	\$ 470,000.00	86.0%	\$ 404,093.00		\$ 200,942.00	\$ -	\$ 200,942.00	\$ -	\$ -	\$ 200,942.00
Summary by Policy Period			\$ 7,914,064.00	77.5%	\$ 6,136,314.00		\$ 4,571,568.00	\$ 2,657,525.00	\$ 1,914,043.00	\$ -	\$ 2,715,045.00	\$ 1,856,523.00
	Policies Incepting on	1/1/2022	\$ 333,000.00	73.9%	\$ 245,978.00		\$ 245,978.00	\$ 245,978.00	\$ -	\$ -	\$ 160,045.00	\$ 85,933.00
	Policies Incepting on	1/1/2023	\$ 3,855,000.00	72.1%	\$ 2,777,853.00		\$ 2,777,853.00	\$ 2,411,547.00	\$ 366,306.00	\$ -	\$ 2,555,000.00	\$ 222,853.00
	Policies Incepting on	1/1/2024	\$ 3,726,064.00	83.5%	\$ 3,112,483.00		\$ 1,547,737.00	\$ -	\$ 1,547,737.00	\$ -	\$ -	\$ 1,547,737.00

Workers' Compensation Program Financials



Workers' Compensation Program
 Administered by New Mexico Counties
Statement of Financial Position (Unaudited)
 8/31/2024

	<u>As of August 31, 2024</u>			<u>As of August 31, 2023</u>		
Assets						
Current Assets						
Cash and Cash Equivalents	\$	2,097,546		\$	2,219,509	
Accounts Receivable-Members		2,697,074			2,738,143	
Accounts Receivable-Capital Adequacy		617,901			-	
Accounts Receivable-Reinsurance		8,623			12,002	
Accounts Receivable-Hi Ded Counties		60,368			41,029	
Accounts Receivable-Other		82,304			1,495	
Prepaid Expenses		915,004			775,906	
Total Current Assets		6,478,818			5,788,084	
Investments						
Exchange Traded Funds	14,225,493			14,217,193		
US Government Bonds	15,893,440			5,333,749		
Mutual Funds/ETF	1,400,046			11,164,972		
Unrealized Gain/Loss	(1,221,763)	30,297,216		(2,821,760)	27,894,153	
County Reinsurance Limited Equity		471,959			520,227	
Total Investments		30,769,175			28,414,380	
Total Assets	\$	37,247,993		\$	34,202,464	
Liabilities and Surplus						
Current Liabilities						
Accounts Payable	\$	16,854		\$	43,685	
Unearned Capital Adequacy Contrib		863,906			-	
Unearned Member Contributions		7,925,484			7,898,605	
Total Current Liabilities		8,806,244			7,942,290	
Long Term Liabilities						
Reserves for Future Claims:						
Claims Reserves FY 5 - 1991/92	\$	27,471		\$	28,807	
Claims Reserves FY 6 - 1992/93		28,967			25,047	
Claims Reserves FY 8 - 1994/95		11,271			9,746	
Claims Reserves FY 9 - 1995/96		39,371			38,771	
Claims Reserves FY 11 - 1997/98		20,889			18,062	
Claims Reserves FY 12 - 1998/99		-			26,248	
Claims Reserves FY 14 - 2000/01		26,185			11,036	
Claims Reserves FY 15 - 2001/02		67,804			80,401	
Claims Reserves FY 16 - 2002/03		8,417			14,843	
Claims Reserves FY 17 - 2003/04		(2,582)			(12,228)	
Claims Reserves FY 18 - 2004/05		273,127			300,461	
Claims Reserves FY 19 - 2005/06		91,306			111,289	
Claims Reserves FY 20 - 2006/07		61,439			74,240	
Claims Reserves FY 21 - 2007/08	471,728	Bernalillo County	Other HDC's	493,308	Bernalillo County	Other HDC's
Claims Reserves FY 22 - 2008/09	295,294	-	-	353,477	-	-
Claims Reserves FY 23 - 2009/10	52,631	-	-	62,587	-	-
Claims Reserves FY 24 - 2010/11	75,202	-	-	196,091	-	-
Claims Reserves FY 25 - 2011/12	144,323	-	-	196,354	-	-
Claims Reserves FY 26 - 2012/13	283,186	-	-	347,674	-	-
Claims Reserves FY 27 - 2013/14	255,552	-	-	533,964	-	-
Claims Reserves FY 28 - 2014/15	385,859	(92,177)	-	539,719	(157,644)	-
Claims Reserves FY 29 - 2015/16	631,128	(32,246)	-	885,077	(190,382)	-
Claims Reserves FY 30 - 2016/17	641,716	-	-	824,335	-	-
Claims Reserves FY 31 - 2017/18	435,352	-	(2,836)	730,225	-	(6,581)
Claims Reserves FY 32 - 2018/19	702,211	(9,105)	-	932,089	(42,302)	-
Claims Reserves FY 33 - 2019/20	701,329	-	-	1,106,111	-	-
Claims Reserves FY 34 - 2020/21	2,363,373	(85,530)	-	2,840,949	(71,124)	-
Claims Reserves FY 35 - 2021/22	1,437,534	-	(67,137)	2,721,275	-	(86,922)
Claims Reserves FY 36 - 2022/23	2,661,584	-	(30,072)	5,289,588	-	(156,239)
Claims Reserves FY 37 - 2023/24	5,689,195	-	(141,977)	977,068	-	-
Claims Reserves FY 38 - 2024/25	1,136,455	-	-	-	-	-
Claims Mgmt Fees-Future	924,967	-	-	950,736	-	-
Total Reserve for Future Claims	\$	19,942,281	\$ (219,058) \$ (242,022)	\$	20,707,352	\$ (461,452) \$ (249,742)
Total Long Term Liabilities		19,481,201			19,996,158	
Total Liabilities	\$	28,287,445		\$	27,938,448	
Fund Balance		7,319,501			6,259,829	
Current Year Net Position		1,641,048			4,187	
Total Net Position	\$	8,960,548		\$	6,264,016	
Total Liabilities and Net Position		54			54	
Total Liabilities and Net Position	\$	37,247,993		\$	34,202,464	



Workers' Compensation Program
 Administered by New Mexico Counties
Income/Budget Statement (Unaudited)
 8/31/2024

	<u>Budget 2024</u>	<u>8/31/2024</u>	<u>67%</u> <u>of budget</u>
<u>Income</u>			
Member Contributions	\$ 10,189,198	\$ 6,324,260	62%
Capital Adequacy Contributions		431,953	
Total Income	\$ 10,189,198	\$ 6,756,213	66%
<u>Expenses</u>			
<u>Claims & Claim Adjusting Expense</u>			
Paid Claims	\$ 6,719,234	\$ 5,137,033	65%
Adjustment to ULAE		(13,443)	
Claims Reserves		(184,131)	
Recoveries- Deductibles		(324,462)	
Recoveries- Reinsurance		(164,379)	
Recoveries- Subrogation		(34,468)	
Nurse Case Manager		(75,203)	
Reinsurance	1,082,868	602,555	56%
Brokerage Fees	30,000	15,000	50%
Total Claims & Claim Adjusting Expense	\$ 7,832,102	\$ 4,958,502	63%
<u>Risk Mitigation Expense</u>			
Administrative Fee-NMAC	\$ 285,490	\$ 190,290	67%
Legal Advice Program	10,000	605	6%
Loss Incentive Program	35,000	35,000	100%
Online Training Program	70,000	-	0%
Total Risk Mitigation Expense	\$ 400,489	\$ 225,895	56%
<u>Administrative & Other Expense</u>			
Administrative Fee-NMAC	\$ 1,059,002	\$ 706,038	67%
Actuary	12,000	10,400	87%
Claims Audit	10,000	-	0%
Financial Audit	12,000	10,899	91%
Payroll Audit	60,000	48,431	81%
Legal Expense	2,500	-	0%
Software Support, Licensing, Training	150,000	67,411	45%
Board Training and Education	15,000	-	0%
Board D&O Insurance	43,000	6,585	15%
Miscellaneous Expenses	5,000	-	0%
Total Admin & Other Expense	\$ 1,368,501	\$ 849,764	62%
Total Expenses	\$ 9,601,092	\$ 6,034,161	63%
Operating Income	\$ 588,106	\$ 722,052	123%
Interest Income Investments	949,813	720,036	
Net Change in Fair Value of Investments		198,960	
Total Non-Operating Revenue	\$ 949,813	\$ 918,996	
Net Position	\$ 1,537,919	\$ 1,641,048	



Workers' Compensation Program
Administered by New Mexico Counties
Schedule of Investments 8/31/2024

<u>Cash</u>	<u>Current Average</u>		<u>Amount</u>	<u>Interest</u>
Banks, Money Market Accts & State Treas LGIP	2.9636%		\$ 2,097,546	\$ 62,162
<u>Securities</u>	<u>Est. Ann. Yld</u>	<u>Ending Market Val</u>	<u>Cost</u>	<u>Market Gain/Loss *</u>
Exchange Traded Funds	4.01%	13,099,645	14,225,493	(1,125,848)
Certificates of Deposit	0.00%	-	-	-
Government Bonds	4.23%	15,703,529	15,676,687	26,842
Govt Asset Backed Sec	4.73%	115,502	216,753	(101,251)
Mutual Funds	5.74%	1,378,540	1,400,046	(21,506)
<hr/>				
Total Investments	4.20%	\$ 30,297,216	\$ 31,518,979	\$ (1,221,763)
Total Cash & Investments	4.12%	\$ 32,394,762	\$ 33,616,524	
Estimated Annual Income on Cash & Investments		\$ 1,336,107		
By Institution:				
Wells Fargo/Salmon Hauger Wealth Mgmt.		75%	\$ 25,206,785	
Moreton Capital Markets		24%	8,074,225	
First National Santa Fe		1%	333,469	
State Treasurers LGIP		0%	2,045	
		<hr/>		
		100%	\$ 33,616,524	

* Investments are purchased based on "yield to maturity." Market fluctuations do not affect the yield to maturity unless a premature sale is made

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 5.C.	<u>Item Title:</u> Risk Management Update
<u>Presenter (s):</u> Grace Philips, Risk Management Director	

Memorandum

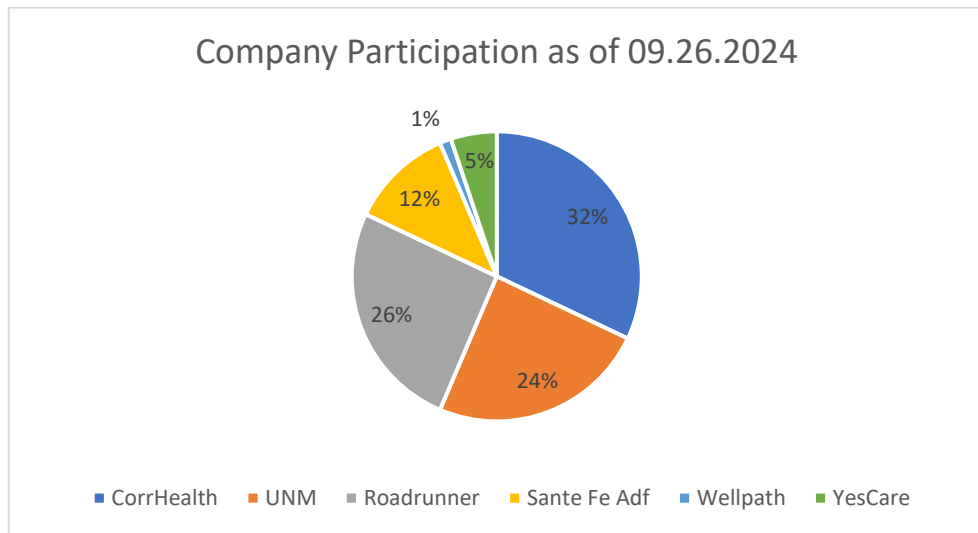
Date: October 23, 2024
To: NMCI Board
From: Grace Philips, Risk Management Director
Re: Risk Management Update

- Projected losses for LE claims doubled in the past year from \$29,231,866 on June 30, 2023 to \$45,801,462 on December 31, 2023, to \$58,424,767 on June 30, 2024. This extraordinary increase in losses greatly affected our LE reinsurance renewal premium which is increasing by 80%. With this in mind I sent emails to all managers who are not on this board advising that they should be planning for a significant increase in their renewal contribution.
- The cost of detention continues to climb. We collected detention cost data for FY24. The 27 counties that operate detention facilities collectively spent \$320,978,484 in FY 24 to operate their facilities.
- We have a pending request to make presentations to CCJ and LFC regarding the litigation climate in the state following enactment of the NM Civil Rights Act. I met with Secretary Doucette and other representatives from GSD regarding the possibility of a joint legislative presentation regarding the litigation climate and effects of HB4.
- Following NMCRE's approval of the hiring of Strategic Asset Alliance to provide investment consultant services I met with SAAI on 10/15/2024 to get an update on their communications with our investment managers and progress on SWOAT analysis. We expect to have their recommendations by the end of this month and will ask them to present to the Board at our special virtual meeting in November.
- Chaves County was not approved for reaccreditation. (See attached October 4, 2024 letter to Chaves County advising of reduction in coverage due to loss of accreditation).
- Lori Urban, John Chino, and I met with the San Juan County broker, Nate Duckett and we will be presenting a ML/LE coverage proposal to the county. Their current renewal date is 3/31/24.
- We are contemplating a possible challenge to the new state MAT regulations and will be presenting the opportunity to a possible petitioner county in closed session on 11/12/24.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

- Detention medical provider ECHO participation remains low. Although there are 74 “active participants” average attendance is 35. Thirty-two percent of attendees are nurses, 8% are doctors, 11% are nurse practitioners, and 21% are detention staff. All individuals who provide care in the detention medical program would benefit from attending.



- We have not had a response from Bernalillo County regarding the single occurrence issue despite oral and written offers to compromise our position.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396



NEW MEXICO COUNTY INSURANCE AUTHORITY POOL

October 4, 2024

**NEW MEXICO COUNTY
INSURANCE AUTHORITY
BOARD OF DIRECTORS**

CHAIR
Lance Pyle

VICE CHAIR
Gregory S. Shaffer

NMC REPRESENTATIVE
Michael Meek

GEOGRAPHIC DIRECTORS
Jhonathan Aragon
Lance Pyle
Charlene Webb
Roberta Gonzales

CLASS A DIRECTORS
Lisa Sedillo-White
Shirley Ragin
Diana Murillo
Cynthia Singleton
Michael Meek
Gregory S. Shaffer

POPULATION DIRECTORS
Brandy Thompson
Kate Fletcher
Danny Monette

EX-OFFICIO DIRECTORS
Annie Hogland
NMC President
Terri Fortner
NMC President Elect
Michael Eshleman, Attorney
Affiliate Representative

Bill Williams
Chaves County Manager
1 St. Mary's Place
Roswell, NM 88203

Dear Manager Williams,

As you are aware, the New Mexico Adult Detention Professional Standards Council did not approve re-accreditation for the Chaves County Detention Center due to noncompliance with 24 mandatory standards.

Our reinsurance agreement provides \$2M excess of \$2M of the self-insured retention **only** for accredited detention facilities and MDC. As a result of the change in your accreditation status, your coverage for whole or partial allegations of failure to provide adequate medical or mental health care to inmates or detainees will be reduced from \$4 million to \$2 million per occurrence (including defense costs), effective September 18, 2024.

Should Chaves County obtain accreditation in the future, you will again be eligible for coverage limits offered to accredited facilities.

If you have any questions or concerns, please don't hesitate to contact me at 505-690-6319 or gphilips@nmcounties.org.

Sincerely,

Grace Philips
Risk Management Director

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-982-4396

cc: Warden Michael Brisco, Chaves County Detention Administrator

GP/lgu

All She Wrote



Sherry Robinson

Many people who break the law need drug treatment. That's pretty common knowledge, but the state Corrections Department has no treatment program. Now, battered by a new state law and a lawsuit, the department will drag itself into the 21st century. Meanwhile, it's sending inmates needing treatment back to county facilities.

That's just one expense of many for county detention facilities.

Last November I wrote that crime discussions during the legislative session "must look at all the moving parts of the criminal justice system, including the humble county jail."

They did. Counties got more money for detention officer recruiting and salaries and better reimbursement for their costs of housing the state's inmates in county jails. But it's not enough.

While counties appreciate the new appropriations, they need more. Grace Philips, risk management director for the New Mexico Association of Counties, explained why during a recent meeting of the interim Courts, Corrections and Justice Committee.

"Booking numbers are important," Philips said.

In fiscal year 2024, statewide detention bookings totaled 83,779, up from 76,711 in 2023. The total has risen steadily since 2021. The average daily population this year was 5,404.

Ideally, a felony offender would be briefly incarcerated in the county where they were arrested. New Mexico has 25 county detention centers. But many detainees spend a lot of time in county facilities because they can get drug treatment in county jails that's not available in state prison.

"Federal regulations require all corrections facilities to continue treatment and have a full fledged program," said Philips.

A law passed last year gave the department nearly two years to comply. However, a lawsuit settlement this year requires the Corrections Department to treat inmates' opioid-use disorders now, although it still doesn't have a program.

"Without access to their doctor-prescribed medication in prison, people with opioid-use disorder suffer painful and dangerous withdrawal and face a high risk of relapse, overdose, and death, both in prison and upon their release. It is cruel and illogical to deny this treatment to people," said Tim Gardner, legal director of Disability Rights New Mexico, which brought the lawsuit with ACLU New Mexico.

Inmates currently have a bizarre choice. If they want to continue drug treatment they can stay in county facilities, which have fewer amenities, and they earn no time for good behavior. If they choose to be a state inmate, they don't get drug treatment.

That's one issue. The larger concern is that the state doesn't pay its share of costs when counties house state inmates. Years ago, counties sued, and the court declared the state responsible for housing state inmates. In 2007 the lawmakers created the County Detention Facility Reimbursement Fund and appropriated \$5 million for it. The balance dropped below \$2.5 million before being replenished to \$5 million in 2022.

Since 2019 the state has reimbursed a fraction of the actual cost of holding inmates, according to data from the association. In fiscal 2024 the state paid the counties \$5 million of their \$9.4 million cost. That's up from paying about a quarter of costs in 2019.

In the next legislative session counties will ask for \$8.2 million for the fund. That's what the New Mexico Sentencing Commission calculates is the five-year average cost for counties to house state Corrections Department inmates.

"There is a big gap between the cost to counties and what the Legislature approves," Philips said.

She worries the divide will get worse.

Another headache for counties is recruiting detention officers. They're grateful for \$2.8 million appropriated this year. Spread over three years, the funding will offset the cost of 189 positions at 22 entities, but requests totaled more than 850 positions.

We need to remember that getting criminals off the street is just the first step.

[View article...](#)

Sponsored by WSIMU

Commentary

Nuclear verdicts and the importance of E&S insurance

The current legal environment and social inflation converge to highlight the essential role of the right insurance.

By **Erich Bublitz** | September 05, 2024 at 07:00 AM



Public opinion has turned on large corporations but it does not mean that small and medium businesses are immune to social inflation. (Photo: andranik123/Adobe Stock)

A July 9, 2024, [Wall Street Journal](#) article examined so-called "nuclear" jury verdicts and how this is fueled, in part, by juries' perception of plaintiffs as the little guys, or the 99% and corporations and [insurance companies](#) as the 1% who can and should pay the [hefty settlements](#) awarded by the jury.

A "nuclear" verdict is a jury award of [\\$10 million or more](#). According to the Wall Street Journal, the number of cases that resulted in such a verdict grew by more than 27% in 2023. The rapid increase of



these verdicts has made some insurance policies more expensive for companies and more difficult for them to find a carrier with the necessary appetite for risk.

This means that as certain policies become more expensive and harder to find, insurance agents must consider E&S solutions not only for their large insureds but also for their small, more main street businesses.

Understanding the U.S. legal environment and social inflation highlights the importance of E&S insurance in our current business climate.

Legal environment

The U.S. has always had a robust legal environment and it has become increasingly more litigious than in decades past. The result is that for businesses, getting sued isn't just possible, it's likely.

Litigation financing has opened the door for more lawsuits as it has reduced financial exposure for lawyers and incentivized attorneys to drive larger settlements. When someone else is funding the case, lawyers don't have to worry as much about efficiency and ensuring cases are strong; they are playing with someone else's money.

What this means is that insurance policies need to have broad coverage that anticipates more exposure. It also means that as the legal landscape changes, insurers' costs are going up. The time it takes to file rate changes on admitted business can far outpace the speed at which carriers need new rates. When those two don't align, standard market carriers are more likely to exit markets leaving fewer options available to insureds.

Cultural expectations create social inflation

Simply put, a million dollars isn't what it used to be, and people expect juries to grant judgments that far exceed what they used to. When people don't view a million dollars as much money, that creates a bad situation for businesses trying to defend themselves.

In the insurance industry, this phenomenon is known as social inflation, or the rising costs of insurance claims due to socioeconomic, legal, and behavioral trends that change over time to drive more and bigger lawsuits.

A few causes of social inflation include the perception that the value of money has changed, public distrust of corporations, and plaintiff-friendly legal decisions.

Media also affects public opinion making large payout verdicts appear to be more common and So juries are more likely to believe that defendants, especially large corporations can pay out much larger sums of money to plaintiffs. The public is desensitized to big numbers.

Similarly, aggressive plaintiff attorneys are savvier and better able to play to jurors' emotions to make them more likely to rule in favor of the plaintiff, regardless of the facts surrounding the case. Plaintiff attorneys also know the public distrusts larger businesses and corporations, making it easier for them to create sympathy for the plaintiff, regardless of the level of fault on the defendant.

Public opinion has turned on large corporations but it does not mean that small and medium businesses are immune to social inflation. The "nuclear" verdict trend shows no signs of slowing down. Agents must



consider E&S products for their traditional and small business clients, lest they be caught in harmful and expensive litigation.

Erich Bublitz is head of excess & surplus at [AmTrust Financial](#). Opinions are the author's own.

This article originally appeared on AmTrust Financial's blog, and has been reprinted here with permission.

Related:

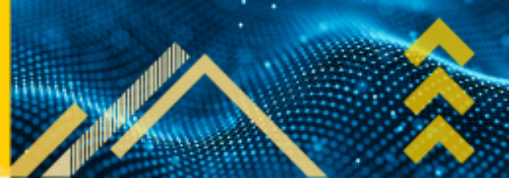
- [Help shape insurance-litigation outcomes in 2025](#)
- [Social inflation and decades of insurance litigation abuse](#)
- [How to spot coverage disputes before they go nuclear](#)

NOT FOR REPRINT

© 2024 ALM Global, LLC, All Rights Reserved. Request academic re-use from www.copyright.com. All other uses, submit a request to asset-and-logo-licensing@alm.com. For more information visit [Asset & Logo Licensing](#).



Is your business leading, or lagging?
Find out how corporate resilience can
make all the difference – **join us** >



Zywave Professional Front Page News - Thursday, September 19, 2024

 [E-mail This Story](#)

 [Print This Story](#)

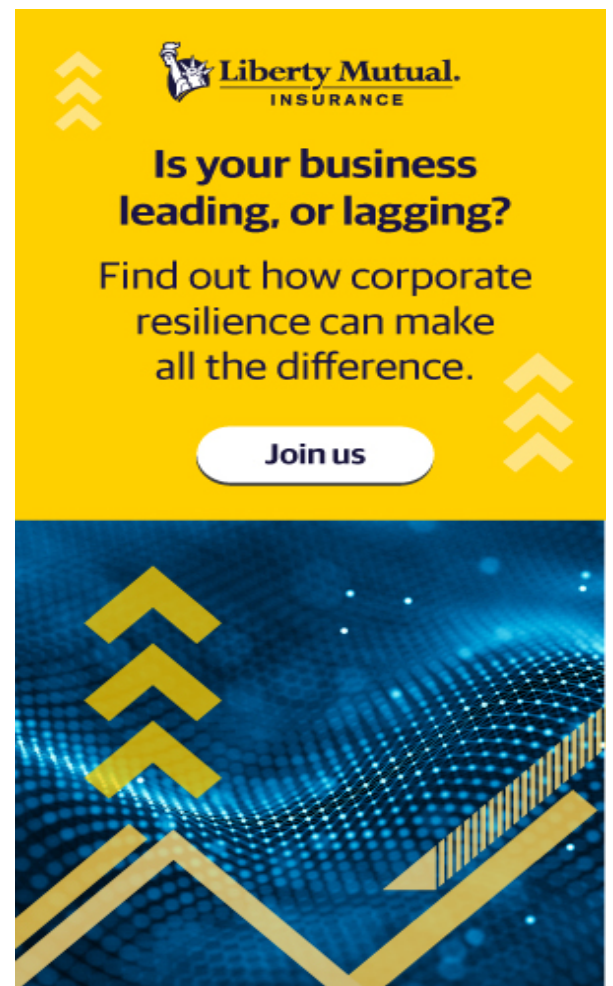
Social inflation boosted liability claims payouts by 57% over 10 years, shows 'no signs of abating': Swiss Re


By Karla Tecson and Erin Ayers, Front Page News

Economic inflation may be easing, but social inflation abounds, with an estimated 57% increase in U.S. liability claims costs tied to the rising number of large jury verdicts, according to the latest [sigma report](#) from Swiss Re.

“Unlike economic inflation, there is no sign of social inflation abating,” said Jérôme Jean Haegeli, global chief economist at Swiss Re. “Litigation costs are rising and are now the key driver of liability claims. With businesses around the world facing rising legal defense costs, the cost of providing liability insurance has surged, particularly in the U.S., with the burden borne by consumers.”

Social inflation refers to increases in liability insurance claims payouts that cannot be explained solely by economic inflation but are due to socioeconomic, legislative and litigation trends. In 2023 alone, when the estimated impact of social inflation on liability claims peaked at around 7%, the highest in 20 years, 27 court

A vertical advertisement graphic for Liberty Mutual Insurance. The top half has a yellow background with the Liberty Mutual logo and the text "Is your business leading, or lagging? Find out how corporate resilience can make all the difference." Below this is a white button with the text "Join us". The bottom half has a blue background with a grid of dots and yellow chevron shapes pointing upwards and to the right.

 **Liberty Mutual.**
INSURANCE

Is your business leading, or lagging?
Find out how corporate resilience can make all the difference.

Join us

cases resulted in awards for plaintiffs of more than \$100 million each.

“We observe continuous increases in aggressive litigation practices that are especially problematic for liability insurance. Over the past five years, U.S. liability lines exposed to bodily injury claims recorded cumulative underwriting losses of \$43 billion. In response, capacity available to global businesses has significantly declined, while rate increases have not kept pace with loss trends,” said Gianfranco Lot, Swiss Re’s chief underwriting officer P&C Re.

Higher claims costs lead to underwriting losses and uncertainty for insurers and reduced insurance capacity for businesses, Swiss Re added.

Over the past five years, U.S. commercial casualty insurers saw losses growing at an average annual rate of 11%, reaching \$143 billion in 2023. This figure is 33% higher than the total insured losses from global natural catastrophes in the same year, which amounted to \$108 billion.

While social inflation as a phenomenon has existed since the 1980s, the impact has been more pronounced in the U.S. since the mid-2010s, according to the report. This cycle has been marked by a rising frequency of large single-claimant bodily injury events involving large awards for noneconomic damages.

Looking ahead, the reinsurer said it expects the U.S. to remain the “epicenter of social inflation.” However, there are indications that social inflation affects the U.K., Australia, and Canada to a lesser degree

“We expect social inflation in the US will continue for the foreseeable future, and that it will spread further internationally, particularly in Europe in the next 3 to 5 years. There, access to litigation funding is becoming easier, product liability reforms are expanding the scope of litigation and changes to collective redress rules will facilitate claims procedures. This is a potent combination that increases the potential for litigation,” Swiss Re said.

Higher interest rates and investment income boosts have helped casualty insurers stay ahead of losses, the reinsurer noted. However, with a range of new risks drawing litigation – forever chemicals, climate change, addictive software design, to name a few -- that equation will likely flip in the coming years.

“Based on current trends, we estimate that the impact of social inflation will outweigh the benefit of higher interest rates on casualty lines in one to two years,” Swiss Re said.



We'll focus on risk, so you can focus on your business

[Learn more](#)

ZYWAVE
WEBINARS

FEATURED ZYWAVE WEBINAR

**Unlocking Growth:
Innovating with Zywave's
Partner Platform**

Tuesday, Sept. 24 @ 10:00 am CT

[Register now!](#)

To address social inflation, the reinsurer advocated for tort reform aimed at limiting the scope of noneconomic damages, as well as the regulation of the use of third-party litigation funding. Corporations should also step up risk mitigation efforts.

“At the same time, insurers need to invest in risk assessment and modeling, defensive tactics and better claims management. Leveraging new technologies and improved data analyses will also help in preparing for the future claims environment,” the reinsurer suggested.

Law Enforcement Loss Ratios

(coverage for detention center
and sheriff operations)

NMCIA LAW ENFORCEMENT LOSS RATIO SUMMARY

COUNTY	FY 20 2014	FY 21 2015	FY 22 2016	FY 23 2017	FY 24 2018	FY 25 2019	FY 26 2020	FY 27 2021	FY 28 2022	FY 29 2023	FY 20-29 Pool Avg.	FY 30 2024
Bernalillo	58.25%	148.39%	61.69%	155.01%	72.93%	98.74%	137.52%	227.45%	322.26%	117.80%	140.00%	142.83%
Catron	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	288.39%	0%	2556.23%	77.17%	292.18%	0.00%
Chaves	13.95%	16.98%	198.73%	209.23%	0.00%	42.38%	234.47%	360.50%	310.98%	111.96%	149.92%	321.06%
Cibola	0.00%	371.15%	557.92%	292.82%	0.00%	0.00%	36.67%	0%	0.00%	0.00%	125.86%	68.32%
Colfax	1064.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4640.94%	0.00%	0.22%	570.56%	85.19%
Curry	124.22%	25.49%	580.16%	0.04%	0.00%	36.50%	34.75%	324%	0.69%	0.00%	112.56%	0.00%
De Baca	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	897.37%	1953.92%	0.00%	0.00%	285.13%	0.00%
Dona Ana	15.72%	41.83%	101.61%	74.45%	4.08%	16.36%	24.75%	76%	83.80%	267.15%	70.59%	45.30%
Eddy	0.00%	545.78%	0.00%	0.00%	0.00%	760.18%	134.83%	371.46%	73.57%	30.81%	191.66%	4.77%
Grant	0.00%	0.00%	407.53%	50.73%	160.61%	25.94%	0.00%	0%	0.00%	0.00%	64.48%	0.35%
Guadalupe	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	151.27%	15.13%	0.00%
Harding	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0%	0.00%	0.00%	0.00%	0.00%
Hidalgo	76.56%	195.96%	0.00%	0.00%	0.00%	251.76%	0.00%	0.00%	0.00%	0.00%	52.43%	32.17%
Lincoln	30.03%	174.43%	0.00%	216.47%	58.67%	71.73%	0.08%	57%	0.00%	33.57%	64.16%	133.56%
Luna	0.00%	0.00%	261.10%	13.90%	3.02%	137.75%	11.79%	26.99%	26.94%	714.14%	119.56%	0.00%
McKinley	0.00%	103.33%	91.82%	0.00%	0.00%	13.26%	0.00%	41%	1170.58%	74.58%	149.45%	0.00%
Mora	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Otero	599.57%	28.67%	18.94%	5.01%	547.71%	0.00%	0.00%	31%	0.00%	168.51%	139.95%	900.88%
Quay	0.00%	0.00%	0.00%	95.65%	0.00%	0.00%	0.00%	55.47%	0.00%	0.00%	15.11%	0.00%
Roosevelt	0.00%	268.93%	159.11%	0.00%	956.17%	0.00%	234.68%	0%	119.11%	0.00%	173.80%	11.20%
San Miguel	0.00%	708.37%	151.78%	0.00%	18.07%	16.36%	73.24%	641.13%	26.89%	14.48%	165.03%	31.80%
Sandoval	402.76%	270.30%	44.09%	37.93%	22.59%	46.54%	54.78%	0%	39.99%	11.84%	93.08%	9.07%
Santa Fe	230.00%	139.04%	97.97%	8.34%	3.40%	180.86%	12.40%	58.77%	119.68%	16.71%	86.72%	29.24%
Sierra	840.69%	0.00%	336.26%	0.00%	0.00%	0.00%	25.59%	0%	73.38%	0.00%	127.59%	13.08%
Socorro	0.00%	11.98%	282.88%	725.99%	4.14%	219.75%	0.00%	2.35%	81.05%	62.36%	139.05%	395.65%
Taos	38.63%	211.34%	486.57%	0.00%	0.00%	44.76%	31.85%	170%	16.38%	314.44%	131.40%	0.00%
Torrance	0.00%	190.36%	0.00%	0.00%	6.89%	0.00%	0.00%	767.06%	125.53%	0.00%	108.98%	66.67%
Union	0.00%	0.00%	0.00%	0.00%	0.00%	617.89%	0.00%	0%	0.00%	0.00%	61.79%	0.00%
Valencia	69.65%	83.42%	27.61%	6.31%	46.02%	13.82%	29.72%	27.34%	342.18%	0.00%	64.61%	0.38%
TOTAL	98.72%	138.78%	132.05%	75.40%	55.31%	92.46%	73.17%	186.27%	189.79%	110.20%	115.22%	68.11%

Multi-Line Loss Ratios

(coverage for general liability, property, crime, cyber liability, equipment breakdown, public officials errors and omissions, employment practices liability, automobile liability, etc.)

**NMCIA MULTI-LINE
(Excluding Property & APD)
LOSS RATIO SUMMARY**

COUNTY	FY 31 2019	FY 32 2020	FY 33 2021	FY 34 2022	FY 35 2023	FY 31 - 35 Pool Avg.	FY 36 2024
Bernalillo	61.38%	9.49%	105.47%	97.16%	222.48%	99.20%	113.42%
Catron	0.00%	14.41%	97.65%	0.00%	605.08%	143.43%	0.00%
Chaves	0.00%	50.35%	434.15%	519.80%	16.22%	204.10%	52.88%
Cibola	78.34%	31.41%	0.00%	0.00%	0.00%	21.95%	772.92%
Colfax	14.67%	2.70%	5.78%	0.00%	223.78%	49.38%	612.03%
Curry	12.54%	3.27%	7.86%	5.44%	48.55%	15.53%	0.00%
De Baca	196.94%	0.00%	0.00%	5.81%	62.85%	53.12%	0.00%
Dona Ana	1.06%	51.49%	128.18%	88.24%	181.62%	90.12%	40.68%
Eddy	0.00%	20.92%	23.75%	69.34%	449.44%	112.69%	28.56%
Grant	2.99%	0.00%	0.00%	0.00%	535.43%	107.68%	0.00%
Guadalupe	0.00%	1.75%	0.00%	59.69%	0.00%	12.29%	0.00%
Harding	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Hidalgo	196.33%	0.00%	0.00%	0.00%	0.00%	39.27%	0.00%
Lincoln	3.54%	23.44%	3.51%	80.21%	6.32%	23.40%	161.81%
Luna	23.48%	0.00%	0.00%	0.00%	55.52%	15.80%	1.51%
McKinley	0.00%	22.01%	0.00%	76.33%	24.49%	24.56%	17.95%
Mora	152.25%	0.00%	710.45%	318.70%	3.20%	236.92%	147.79%
Otero	90.09%	113.96%	552.08%	52.53%	33.28%	168.39%	0.00%
Quay	25.35%	89.55%	2.74%	139.69%	0.00%	51.47%	79.27%
Roosevelt	5.71%	0.00%	0.00%	0.00%	62.03%	13.55%	0.00%
SanMiguel	0.81%	97.44%	0.75%	26.88%	129.58%	51.09%	135.03%
Sandoval	25.25%	25.28%	10.17%	74.49%	289.91%	85.02%	288.33%
Santa Fe	38.22%	263.10%	38.22%	58.73%	213.41%	122.33%	105.89%
Sierra	0.00%	75.88%	469.37%	0.00%	249.33%	158.92%	1.94%
Socorro	0.00%	0.93%	0.00%	36.99%	2.43%	8.07%	76.16%
Taos	2.98%	71.15%	175.77%	1.23%	257.78%	101.78%	349.38%
Torrance	0.00%	7.80%	21.03%	103.35%	258.75%	78.19%	134.16%
Union	0.00%	0.00%	382.46%	0.00%	214.16%	119.33%	0.00%
Valencia	56.84%	37.92%	14.54%	71.67%	290.61%	94.31%	56.84%
TOTAL	32.92%	47.07%	104.45%	81.22%	178.33%	88.80%	92.49%

Note >1 Claim data is by claim, not event resulting in higher claim counts.

As of 9/30/24

NMCIA Auto Physical Damage (APD) LOSS RATIO SUMMARY

COUNTY	FY 31 2019	FY 32 2020	FY 33 2021	FY 34 2022	FY 35 2023	FY 31-34 Pool Avg.	FY 36 2024
Bernalillo	48.12%	41.20%	85.50%	163.65%	69.12%	81.52%	110.57%
Catron	19.66%	402.27%	307.25%	0.00%	123.98%	170.63%	190.89%
Chaves	287.37%	165.61%	0.00%	19.68%	24.69%	99.47%	13.72%
Cibola	12.49%	9.22%	46.72%	60.20%	70.35%	39.80%	110.58%
Colfax	244.02%	0.00%	17.09%	94.66%	107.78%	92.71%	94.62%
Curry	9.63%	110.33%	73.77%	114.12%	302.88%	122.15%	171.42%
De Baca	200.14%	737.13%	0.00%	0.00%	22.35%	191.93%	0.00%
Dona Ana	10.22%	0.00%	5.38%	210.62%	0.00%	45.25%	72.60%
Eddy	189.97%	169.02%	153.63%	117.36%	197.62%	165.52%	35.84%
Grant	2.31%	58.47%	34.36%	37.61%	43.61%	35.27%	478.08%
Guadalupe	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Harding	0.00%	7.62%	-0.05%	0.00%	0.00%	1.51%	0.00%
Hidalgo	0.00%	0.00%	125.86%	0.00%	0.00%	25.17%	0.00%
Lincoln	6.34%	87.20%	117.00%	148.34%	24.05%	76.59%	43.97%
Luna	146.89%	12.06%	0.00%	19.13%	0.57%	35.73%	64.50%
McKinley	62.31%	57.99%	50.13%	780.00%	187.10%	227.51%	45.53%
Mora	0.00%	86.51%	402.29%	57.39%	132.45%	135.73%	133.23%
Otero	50.83%	202.02%	311.11%	20.72%	0.00%	116.94%	53.15%
Quay	18.59%	6.26%	182.03%	0.00%	118.17%	65.01%	0.00%
Roosevelt	34.48%	0.00%	155.94%	0.00%	113.01%	60.69%	205.65%
SanMiguel	40.92%	9.63%	38.20%	18.95%	428.65%	107.27%	50.31%
Sandoval	39.05%	78.92%	110.42%	108.76%	30.88%	73.61%	104.98%
Santa Fe	79.25%	0.34%	27.31%	49.94%	0.00%	31.37%	0.85%
Sierra	33.74%	42.37%	622.33%	423.57%	32.63%	230.93%	0.00%
Socorro	78.39%	0.00%	35.29%	0.00%	0.46%	22.83%	10.64%
Taos	16.09%	56.57%	23.95%	207.24%	23.55%	65.48%	28.71%
Torrance	168.78%	36.88%	16.03%	276.36%	0.00%	99.61%	0.00%
Union	39.83%	0.00%	679.48%	282.13%	533.99%	307.09%	192.80%
Valencia	54.06%	36.25%	26.59%	172.18%	28.27%	63.47%	58.02%
TOTAL	61.45%	56.38%	82.10%	144.66%	68.24%	82.57%	80.61%

Note >1 Claim data is by claim, not event resulting in higher claim counts.

As of 9/30/24

NMCIA PROPERTY LOSS RATIO SUMMARY

COUNTY	FY 31 2019	FY 32 2020	FY 33 2021	FY 34 2022	FY 35 2023	FY 31-34 Pool Avg.	FY 36 2024
Bernalillo	0.00%	0.00%	65.01%	70.72%	172.62%	61.67%	30.85%
Catron	0.00%	0.00%	183.50%	0.00%	0.00%	36.70%	0.00%
Chaves	5.39%	0.00%	15.72%	164.34%	68.17%	50.72%	0.00%
Cibola	0.00%	0.00%	4.95%	0.00%	0.00%	0.99%	60.73%
Colfax	1096.92%	0.00%	217.79%	140.13%	0.00%	290.97%	5.08%
Curry	602.51%	0.00%	116.85%	600.54%	1373.35%	538.65%	180.08%
De Baca	249.39%	394.26%	0.00%	21.93%	74.68%	148.05%	38.82%
Dona Ana	0.00%	0.00%	151.61%	0.00%	0.00%	30.32%	0.00%
Eddy	91.46%	0.00%	529.65%	0.00%	0.00%	124.22%	0.00%
Grant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Guadalupe	210.56%	0.00%	69.25%	1212.14%	1581.54%	614.70%	0.00%
Harding	0.00%	281.87%	94.02%	0.00%	1654.39%	406.06%	0.00%
Hidalgo	95.67%	0.00%	0.00%	0.00%	0.00%	19.13%	0.00%
Lincoln	1.25%	0.00%	37.62%	118.35%	115.32%	54.51%	6.85%
Luna	0.00%	0.00%	0.00%	64.27%	0.00%	12.85%	0.00%
McKinley	155.92%	60.53%	48.10%	27.39%	0.00%	58.39%	0.00%
Mora	0.00%	5.90%	133.20%	466.05%	70.68%	135.16%	476.31%
Otero	25.64%	13.15%	61.90%	0.00%	118.60%	43.86%	84.95%
Quay	0.00%	0.00%	0.00%	0.00%	1009.31%	201.86%	9.42%
Roosevelt	0.00%	1481.56%	1254.09%	0.00%	0.00%	547.13%	910.30%
SanMiguel	278.66%	0.00%	3.16%	218.53%	577.60%	215.59%	783.78%
Sandoval	0.26%	0.00%	3.54%	0.00%	0.00%	0.76%	0.00%
Santa Fe	76.72%	38.80%	77.92%	111.89%	0.00%	61.07%	77.19%
Sierra	0.00%	1405.65%	373.79%	0.00%	0.00%	355.89%	0.00%
Socorro	113.09%	0.00%	0.00%	0.00%	53.99%	33.42%	0.00%
Taos	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	178.29%
Torrance	37.00%	0.00%	0.00%	0.00%	0.00%	7.40%	0.00%
Union	0.00%	0.00%	0.00%	1211.59%	0.00%	242.32%	0.00%
Valencia	0.00%	6.14%	137.14%	13.71%	70.51%	45.50%	1.29%
TOTAL	60.09%	42.62%	98.77%	83.61%	146.57%	86.33%	59.29%

Note >1 Claim data is by claim, not event resulting in higher claim counts.

Workers' Compensation Loss Ratios

NMCA WORKERS' COMPENSATION LOSS RATIO SUMMARY

COUNTY	FY 28 2014-15	FY 29 2015-16	FY 30 2016-17	FY 31 2017-18	FY 32 2018-19	FY 33 2019-20	FY 34 2020-21	FY 35 2021-22	FY 36 2022-23	FY 37 2023-24	FY 28-37 Pool Avg.	FY 38 2024-25
*Bernalillo	0.00%	0.00%	109.81%	140.42%	0.00%	540.74%	281.46%	382.43%	291.61%	147.23%	189.37%	157.43%
Catron	10.60%	391.54%	0.41%	366.13%	672.06%	693.31%	1.56%	38.38%	32.00%	0.00%	220.60%	0.00%
Chaves	12.44%	26.89%	89.19%	31.60%	20.87%	20.23%	277.53%	36.55%	42.11%	54.88%	61.23%	170.86%
Cibola	48.14%	134.92%	26.90%	15.90%	0.38%	29.59%	0.14%	1.19%	110.74%	0.54%	36.84%	33.91%
Colfax	4.32%	64.77%	39.93%	5.32%	15.21%	6.30%	5.88%	86.99%	14.03%	72.12%	31.49%	246.10%
Curry	144.60%	99.77%	128.85%	78.49%	118.68%	117.32%	14.31%	33.33%	154.30%	105.41%	99.51%	45.64%
DeBaca	1.05%	39.92%	1.01%	286.47%	86.08%	1.42%	1.56%	5.10%	4.05%	0.15%	42.68%	211.26%
*Doña Ana	37.93%	20.05%	10.28%	17.46%	*	*	114.79%	47.49%	89.78%	100.63%	54.80%	*
Eddy	37.53%	147.07%	12.38%	28.30%	15.47%	62.97%	128.95%	49.68%	44.81%	75.23%	60.24%	144.67%
Grant	78.18%	19.72%	52.04%	49.70%	34.94%	16.68%	135.25%	94.90%	23.51%	65.26%	57.02%	81.59%
Guadalupe	1.59%	85.16%	6.30%	50.08%	516.37%	144.15%	10.19%	8.26%	23.85%	119.98%	96.59%	84.59%
Harding	0.00%	0.00%	0.06%	0.00%	46.62%	2.11%	0.00%	0.00%	0.00%	0.00%	4.88%	0.00%
Hidalgo	60.00%	4.33%	1.40%	11.02%	0.68%	7.01%	39.74%	0.25%	1.69%	46.81%	17.29%	0.00%
Lea	178.22%	103.82%	148.48%	13.10%	39.56%	20.39%	34.75%	11.20%	20.31%	19.30%	58.91%	12.21%
Lincoln	7.50%	310.65%	653.81%	5.44%	21.96%	20.30%	303.92%	4.38%	110.22%	137.44%	157.56%	49.22%
Los Alamos	*	*	*	*	*	*	*	*	60.68%	97.65%	79.16%	102.11%
Luna	94.34%	254.18%	595.62%	71.25%	64.84%	59.80%	72.62%	26.28%	253.48%	10.21%	150.26%	77.09%
McKinley	16.46%	136.09%	36.15%	65.62%	52.88%	33.82%	25.77%	7.88%	51.32%	5.58%	43.16%	37.19%
Mora	3.56%	0.37%	47.80%	0.38%	493.99%	3.52%	1.63%	0.84%	155.95%	17.75%	72.58%	0.00%
Otero	51.75%	178.62%	167.20%	209.27%	*	*	*	*	0.00%	*	121.37%	*
Quay	11.31%	10.60%	7.99%	4.71%	355.65%	5.53%	18.08%	10.33%	39.05%	36.44%	49.97%	0.00%
Rio Arriba	*	*	*	*	184.94%	171.35%	57.18%	99.99%	41.60%	70.87%	104.32%	0.60%
Roosevelt	208.99%	14.53%	22.43%	42.93%	39.25%	206.01%	8.86%	4.78%	14.18%	18.89%	58.08%	198.48%
*San Juan	52.35%	71.24%	80.90%	28.74%	67.61%	125.38%	355.69%	168.77%	68.43%	164.94%	118.40%	21.38%
San Miguel	59.13%	14.28%	1.04%	9.29%	1.26%	142.60%	7.83%	6.29%	44.83%	8.63%	29.52%	126.47%
*Sandoval	28.98%	31.87%	73.29%	2.83%	95.09%	14.77%	28.72%	19.98%	44.18%	14.66%	35.44%	0.00%
*Santa Fé	212.09%	38.53%	88.02%	54.33%	82.28%	*	*	*	19.54%	227.43%	103.18%	0.00%
Sierra	1.88%	11.77%	3.89%	5.99%	1.99%	10.49%	15.97%	0.00%	14.27%	73.89%	14.02%	0.00%
Socorro	12.15%	6.38%	4.07%	19.63%	3.20%	2.52%	0.81%	6.19%	6.01%	8.30%	6.93%	0.00%
Taos	27.92%	20.37%	8.93%	78.14%	60.12%	56.40%	99.40%	82.58%	4.06%	43.14%	48.11%	0.00%
Torrance	5.56%	10.02%	0.09%	13.16%	14.20%	0.52%	3.80%	68.88%	26.29%	40.05%	18.26%	0.00%
Union	13.91%	296.91%	0.00%	2.39%	0.00%	7.16%	0.00%	0.00%	0.00%	379.21%	69.96%	0.00%
Valencia	190.01%	326.00%	185.65%	28.52%	71.91%	4.99%	2.96%	59.75%	17.45%	69.72%	95.70%	26.88%
TOTAL	63.16%	73.14%	82.49%	43.62%	71.13%	68.04%	113.12%	91.69%	92.11%	106.45%	80.49%	67.90%

*Deductible Structure Program Participation:

Bernalillo County: FY 26 - 34

Dona Ana County: FY 29- 31

Santa Fé County: FY 26, 32, 38

San Juan: FY 30- 32, 38

Sandoval: FY 30- 33, 35-38

Bernalillo, Dona Ana, Santa Fé, San Juan, Sandoval County Workers' Compensation Structure Analysis

As of 9/30/24

	a	b	c	d	e	f	g	h	i	j	k	l	m
	SIR	Annual	Claim	Total	Open	Claims	Incurred Losses	Incurred Losses Over	Annual Pool	Loss Fund	WC Pool	Loss	County Total
	(per claim)	Aggregate	Count	Incurred Losses (not net incurred)	Claims	Exceeding SIR	Over SIR	Annual Aggregate	Contributions	Contribution	Incurred YTD	Ratio	Incurred YTD
											g+h	k/j	d+i-k
Bernalillo County													
FY 28 2014 -15	\$400,000	\$1,750,000	273	\$1,571,263	2	0	\$0	\$0	\$765,446	\$239,327	\$0	0.00%	\$2,336,709
FY 29 2015 -16	\$400,000	\$1,750,000	270	\$1,386,167	3	0	\$0	\$0	\$851,941	\$294,014	\$0	0.00%	\$2,238,108
FY 30 2016-17	\$400,000	\$1,750,000	291	\$2,109,539	3	0	\$0	\$359,539	\$949,631	\$327,429	\$359,539	109.81%	\$2,699,631
FY 31 2017-18	\$500,000	\$2,000,000	254	\$2,393,001	4	1	\$141,940	\$251,061	\$879,715	\$279,868	\$393,001	140.42%	\$2,879,715
FY 32 2018-19	\$500,000	\$1,750,000	236	\$1,459,197	1	0	\$0	\$0	\$835,729	\$154,260	\$0	0.00%	\$2,294,926
FY 33 2019-20	\$500,000	\$1,750,000	279	\$2,508,208	5	0	\$0	\$758,208	\$805,055	\$140,216	\$758,208	540.74%	\$2,555,055
FY 34 2020-21	\$50,000	\$1,750,000	193	\$3,106,977	8	16	\$1,735,577	\$0	\$1,250,896	\$616,644	\$1,735,577	281.46%	\$1,988,044
Dona Ana County													
FY 29 2015 -16	\$25,000	\$750,000	99	\$280,757	0	2	\$85,747	\$0	\$589,908	\$427,608	\$85,747	20.05%	\$784,918
FY 30 2016 -17	\$25,000	\$750,000	72	\$272,925	0	3	\$41,700	\$0	\$571,782	\$405,654	\$41,700	10.28%	\$803,007
FY 31 2017 -18	\$25,000	\$750,000	59	\$237,255	0	2	\$77,108	\$0	\$624,926	\$441,500	\$77,108	17.46%	\$785,073
San Juan County													
FY 30 2016 -17	\$10,000	\$0	72	\$525,446	1	10	\$382,324	\$143,122	\$798,917	\$649,480	\$525,446	80.90%	\$798,917
FY 31 2017 -18	\$10,000	\$0	58	\$172,362	0	5	\$51,632	\$120,730	\$750,988	\$599,765	\$172,362	28.74%	\$750,988
FY 32 2018 -19	\$10,000	\$0	74	\$368,003	2	10	\$213,890	\$154,112	\$713,439	\$544,336	\$368,003	67.61%	\$713,439
FY 38 2024-25**	\$10,000	\$0	21	\$149,227	18	6	\$37,686	\$0	\$833,507	\$176,297	\$37,686	21.38%	\$945,048
Sandoval County													
FY 30 2016 -17	\$25,000	\$750,000	67	\$640,104	0	3	\$438,629	\$0	\$692,000	\$598,456	\$438,629	73.29%	\$893,475
FY 31 2017 -18	\$25,000	\$750,000	64	\$179,169	1	3	\$17,474	\$0	\$713,256	\$616,921	\$17,474	2.83%	\$874,951
FY 32 2018 -19	\$25,000	\$750,000	70	\$741,173	1	5	\$540,555	\$0	\$678,087	\$568,492	\$540,555	95.09%	\$878,706
FY 33 2019 -20	\$25,000	\$750,000	43	\$173,225	0	2	\$76,614	\$0	\$627,875	\$518,558	\$76,614	14.77%	\$724,486
FY 35 2021-22	\$25,000	\$750,000	46	\$264,596	4	4	\$77,029	\$0	\$656,492	\$385,546	\$77,029	19.98%	\$844,059
FY 36 2022-23	\$25,000	\$750,000	55	\$301,393	3	1	\$165,725	\$0	\$462,763	\$375,150	\$165,725	44.18%	\$598,431
FY 37 2023-24	\$50,000	\$750,000	51	\$337,151	12	2	\$47,605	\$0	\$417,387	\$324,396	\$47,605	14.68%	\$706,933
FY 38 2024-25**	\$25,000	\$0	9	\$43,460	7	0	\$0	\$0	\$660,299	\$142,149	\$0	0.00%	\$703,759
Santa Fé County													
FY 32 2018-19	\$25,000	\$750,000	85	\$811,468	1	7	\$488,165	\$0	\$835,328	\$593,267	\$488,165	82.28%	\$1,158,631
FY 38 2024-25**	\$100,000	\$0	10	\$48,859	6	0	\$0	\$0	\$776,330	\$145,846	\$0	0.00%	\$825,190

**FY 38 Loss Fund Contribution is pro-rated to 3 months as of 9/30/24.

Loss Fund Contribution = Annual Contribution + Investment Income - Admin. Expenses.

Deductible Structure Program Participation:

- Bernalillo County: FY 22 - 34
- Dona Ana County: FY 29- 31
- Santa Fé County: FY 23 - 26, 32, 38
- San Juan: FY 30- 32, 38
- Sandoval: FY 30- 33, 35-38

Members that left the WC Program

- Dona Ana County left the WC Program in FY 32 and returned in FY 34 and left again FY 38
- Santa Fé County left the WC pool in FY 33 and returned in FY 36

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 5.D.	<u>Item Title:</u> NMCRE Update and Renewal Premiums
<u>Presenter (s):</u> Grace Philips, Risk Management Director	



Memorandum

Date: October 23, 2024
To: NMCIA Board
From: Grace Philips, Risk Management Director
Re: NMCRe Update

On September 19, the NMCRe Board:

- Set the date and time for their annual shareholder meeting for 8:30 a.m. December 4, 2024, at the NMCIA Santa Fe office. NMCIA's regularly scheduled meeting will begin immediately following the shareholder meeting. Staff will email a formal meeting announcement to the NMCIA board who serves as the sole shareholder for NMCRe.
- Elected Greg Shaffer as Board Secretary with Steve Kopelman's resignation from the Board, now serving as Chief Operating Officer.
- Approved the investment consultant contract with Strategic Asset Alliance (SAA). Of the \$60,000 compensation due to SAA, NMCRe is responsible for paying \$15,000 (25%).
- Approved Law Enforcement and Multi-Line liability reinsurance for NMCIA for the 2025 policy period.
 - The Law Enforcement reinsurance coverage for 2025 will remain unchanged from 2024 with a total premium of \$5,874,256. This is an increase from last year of 80.4%.
 - The Multi-Line reinsurance coverage for 2025 will remain unchanged from 2024 with a flat renewal of \$470,000.
- Approved the 2025 meeting calendar which follows the 2024 structure, with meetings taking place virtually on Zoom at 1PM:
 - March 18
 - June 10
 - Sept. 16
 - Dec. 16

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

The board's next regularly scheduled meeting is December 19.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.A.	<u>Item Title:</u> Approve 2025 Multi-Line and Law Enforcement Reinsurance
<u>Presenter (s):</u> Grace Philips, Risk Management Director	
Motion by:	Seconded by:

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.B.	<u>Item Title:</u> Approve 2025 Budget
<u>Presenter (s):</u> Grace Philips, Risk Management Director	
Motion by:	Seconded by:

NEW MEXICO COUNTY INSURANCE AUTHORITY

For approval at the October 2025 NMCIA Board Meeting

2025 Budget Update

	January 1-December 31, 2025		January 1-December 31, 2025		1/2 APPROVED 5/22/24 6 Months Jan 1, 2025-Jun 30, 2025		6 Months July 1 2025-Dec 31, 2025		PY 2025	
	Law Enforcement	YoY change	Multi-Line	YoY change	Workers' Compensation	YoY change	Workers' Compensation	YoY change	Total	YoY change
INCOME										
Member Contributions	29,616,245	149%	13,620,541	114%	5,450,036	115%	6,139,547	113%	54,826,369	130%
Investment Income	1,387,361	122%	1,009,232	123%	467,706	97%	668,054	143%	3,532,353	121%
TOTAL INCOME:	31,003,606	148%	14,629,773	115%	5,917,742	113%	6,807,601	115%	58,358,721	130%
EXPENSES										
Claims Expenses										
PV of Projected Ultimate Limited Losses (8/31/24)	21,006,159	152%	\$7,167,046	88%	3,594,009	115%	4,693,268	131%	36,460,482	127%
Liability Reinsurance-all members	4,464,639	135%	470,000	100%	523,688	110%	539,284	89%	5,997,611	124%
Liability Reinsurance-Class A \$1MM x \$4MM	742,366	153%							742,366	153%
Liability Reinsurance-Pool Quota Share (xs \$2MM)	667,251	109%							667,251	109%
Property Reinsurance-all members (1/1/25-7/1/25)			1,748,296	184%					1,748,296	184%
Estimated Property Reinsurance (7/1/25-12/31/25)			2,185,369						2,185,369	
Brokerage Fees	35,000	100%	35,000	100%	15,000	100%	15,000	100%	100,000	100%
Subtotal Claims Expenses:	26,915,415	147%	\$11,605,711	107%	4,132,697	114%	5,247,552	125%	47,901,375	130%
Risk Mitigation Expenses										
Administrative Fees to NMC	148,290	100%	122,202	100%	142,745	100%	142,745	100%	555,981	100%
Special Projects	45,000	100%	45,000	100%					90,000	100%
Loss Incentive Program	15,000	100%			17,500	100%	17,500	100%	50,000	100%
EDGE Detention Scholarships	15,000	100%							15,000	100%
Online Training Program	60,000	100%	60,000	100%	35,000	100%	35,000	100%	190,000	100%
Legal Consultation Program	30,000	100%	10,000	100%	5,000	100%	5,000	100%	50,000	100%
Accreditation Programs	76,000	100%							76,000	100%
Lexipol	255,000	100%							255,000	100%
Subtotal Risk Mitigation Expenses:	644,290	100%	237,202	100%	200,245	100%	200,245	100%	1,281,981	100%
Pool Administrative Expenses										
Administrative Fees to NMC	1,737,040	100%	1,333,128	100%	529,501	100%	529,501	100%	4,129,169	100%
Contracted Services:										
Actuarial Studies	20,000	133%	15,000	100%	6,000	100%	6,000	100%	47,000	112%
Financial Audit	30,000	100%	30,000	100%	6,000	100%	6,000	100%	72,000	100%
Claims Audit					10,000				10,000	40%
Payroll Audit (members)					25,000	71%	35,000	140%	60,000	100%
Property Appraisal Fees			180,000	133%					180,000	133%
Legal Expense	20,000	100%	20,000	100%	1,250	100%	1,250	100%	42,500	100%
Software Licensing & Support	130,000	100%	130,000	100%	75,000	100%	75,000	100%	410,000	100%
Board D&O Insurance	43,000	100%	43,000	100%	21,500	100%	21,500	100%	129,000	100%
Board Training & Education	7,500	100%	7,500	100%	7,500	100%	7,500	100%	30,000	100%
Miscellaneous	4,000	100%	4,000	100%	2,500	100%	2,500	100%	13,000	100%
Investment Advisor	15,000		15,000				7,500		37,500	
Legal Bureau operations	50,000	20%							50,000	20%
Subtotal Pool Administrative Expenses:	2,056,540	92%	1,777,628	103%	684,251	100%	691,751	101%	5,210,169	98%
TOTAL EXPENSES:	29,616,245	140%	13,620,541	107%	5,017,192	111%	6,139,547	120%	54,393,525	125%
NET INCOME:	1,387,361		1,009,232		900,550		668,054		3,965,197	

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.C.	<u>Item Title:</u> Consideration of Policy on Sheriff Commission Agreements
<u>Presenter (s):</u> Mark Allen, General Counsel	
Motion by:	Seconded by:

Policy on Sheriff Commission Agreements

The Pool recognizes that sheriffs may find it beneficial for their counties to issue commissions as special deputy sheriffs to other qualified law enforcement officers (LEOs) of municipalities within the county or neighboring law enforcement agencies. The intent of this policy is to protect the Pool and county by providing guidance on language to be included in commission agreements. In the provisions below “employing agency” is the law enforcement agency seeking special deputy commissions for its LEOs. If the employing agency is a county member of the Pool, provisions one through three are unnecessary. Each agreement should contain provisions that cover the following:

1. The employing agency agrees to obtain and keep in force, during the term of the commission agreement, law enforcement liability insurance and other customary insurance with policy limits adequate to protect the agency from liability caused by the agency’s LEOs, including while acting as a special deputy pursuant to a commission issued by the Sheriff. The employing agency shall name the county issuing the commission as an additional named insured on its policies covering the commissioned LEOs, including on any excess or reinsurance policies.
2. The employing agency agrees that its insurance policies shall be the primary insurance for its commissioned LEOs and not contributory with any insurance or pool coverage of the county, and that employing agency shall immediately notify the county of any cancellations or non-renewals without a replacement policy being in place prior to the date of cancellation or nonrenewal.
3. If the employing agency is not a local government barred from entering into a hold harmless and indemnity agreement and no other legal impediment exists, the commission agreement should contain a hold harmless indemnity clause protecting the county.
4. The employing agency agrees that it is exclusively responsible for its actions and the actions of its LEOs and shall be solely liable for the defense and satisfaction of any claim, judgment, costs and attorney’s fees, brought against the commissioned LEO; and the county and its sheriff are not responsible for any conduct, omissions, or negligence of the employing agency or its LEOs.
5. The commission agreement does not create any third-party beneficiaries or waive any limitations or immunities provided by law.
6. The employing agency shall promptly notify the sheriff of the following events pertaining to a commissioned LEO:
 - a. The LEO separates from employment with employing agency;
 - b. An LEA90 is submitted to the Law Enforcement Academy Board for the LEO;
 - c. The LEO is charged with or convicted of any criminal offense, including a traffic offense greater than a penalty assessment misdemeanor;
 - d. The LEO is scheduled to be evaluated for fitness for duty or is unfit for duty; or

- e. The LEO is recommended for disciplinary action (suspension, demotion, or termination) for matters related to integrity, malfeasance, or use of force.
 - f. The LEO has been named in a tort claim, a notice of intent to sue, or has been sued for conduct arising out of the scope of LEO's law enforcement activities.
7. Upon the occurrence of a-e in paragraph six, the special deputy commission shall expire immediately, and the employing agency shall obtain the commission card and return it to the sheriff.
 8. The employing agency shall submit a list of all LEOs for whom it seeks special deputy commissions and certify that each is a full-time employee of the agency, a New Mexico Certified Law Enforcement Officer pursuant to NMSA 1978 § 29-7-1, *et seq*; and is in good standing with the employing agency.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.D.	<u>Item Title:</u> Schedule Special Board Meeting and Underwriting Committee Meeting in November
<u>Presenter (s):</u> Cynthia Stephenson, Risk Management Specialist	
Motion by:	Seconded by:

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.E.	<u>Item Title:</u> Approve 2025 NMC / NMCI A Calendar
<u>Presenter (s):</u> Cynthia Stephenson, Risk Management Specialist	
<p>Motion by: _____</p> <p>Seconded by: _____</p>	

Year: 2025, Month: 1, Start Day: 1 (1: Sunday, 2: Monday)

2025

January '25						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

February '25						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

March '25						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

April '25						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May '25						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June '25						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July '25						
Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August '25						
Su	M	Tu	W	Th	F	Sa
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September '25						
Su	M	Tu	W	Th	F	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

October '25						
Su	M	Tu	W	Th	F	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November '25						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December '25						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

- Holidays
- NACo & WIR
- NMCIA Pool
- NMCRe (Captive Board)
- Board & Executive Committee
- NMC Conferences
- Legislative Meetings
- NM EDGE
- Advisory Council
- Special Events

NMC Meetings & Conferences

- 1/20-1/21 - NM EDGE Classes (Santa Fe County)
- 1/21 - Legislative Session Begins 12PM
- 1/21 - NMCIA Membership Meeting 9AM (Santa Fe County)
- 1/21 - NMC Board of Directors Meeting 2PM (Santa Fe County)
- 1/21-1/23 - NMC Legislative Conference (Santa Fe County)
- 1/23 - NMCIA Board Meeting 2PM (NMC Office - Santa Fe County)
- 1/24 - County Lobbyist Meeting 8AM (Santa Fe County - NMC Office)
- 1/30 - NMC Executive Committee 11AM (Virtual)
- 2/6 - NMC Executive Committee 11AM (Virtual)
- 2/13 - NMC Executive Committee 11AM (Virtual)
- 2/20 - Deadline for Bill Introduction
- 2/22 - NMC Board of Directors Meeting 8:30AM (Santa Fe County)
- 2/27 - NMC Executive Committee 11AM (Virtual)
- 3/1-3/4 - NACo Legislative Conference (Washington, DC)
- 3/6 - NMC Executive Committee 11AM (Virtual)
- 3/11 - County Day at the Roundhouse (Santa Fe County)
- 3/13 - NMC Executive Committee 11AM (Virtual)
- 3/18 - NMCRe Captive Board Meeting 1PM (Virtual)
- 3/22 - Legislative Session Ends 12PM
- 3/26 - NMCIA Board of Directors Meeting 8:30AM (Santa Fe County - NMC Office)
- 4/4 - NMC Executive Committee Budget Meeting 10AM (Santa Fe County - NMC Office)
- 4/9 - Legislative Regional Meeting 10AM (Bernalillo County)
- 4/10 - Legislative Regional Meeting 10AM (San Miguel County)
- 4/16 - Legislative Regional Meeting 10AM (Sierra County)
- 4/17 - Legislative Regional Meeting 10AM (Chaves County)
- 5/2 - NMC Board of Directors Meeting 8:30AM (Otero County)
- 5/7 - Advisory Council Meeting 11AM (Curry County)
- 5/21-5/23 - WIR Annual Conference (Pannington County, Radid City, S.D.)
- 5/21 - NMCIA Board of Directors Meeting 8:30AM (Santa Fe County - NMC Office)
- 6/10 - NMCRe Captive Board Meeting 1PM (Virtual)
- 6/16 - NMCIA Board of Directors Meeting 1:00PM (Curry County)
- 6/16-6/17 - NM EDGE Classes (Curry County)
- 6/16-6/19 - NMC Annual Conference (Curry County)
- 6/19 - NMC Board of Directors Meeting 8:30AM (Curry County)
- 7/9 - Legislative Initiatives Review w/Legislative Committee 9AM (Virtual)
- 7/11-7/14 - NACo Annual Conference (Philadelphia County)
- 8/7-8/8 - NMC Board of Directors Orientation 10AM, Legislative Meeting 2PM & Board Meeting 8:30AM (San Juan County)
- 8/12-8/15 - NMML Annual Conference (Dates & Location TBC)
- 8/20 - NMCIA Board of Directors Meeting 8:30AM (Grant County)
- 9/11 - Gathering of Counties (NM State Fair, Bernalillo County)
- 9/16 - NMCRe Captive Board Meeting 1PM (Virtual)
- 10/3 - NMC Board of Directors Meeting 8:30AM (Guadalupe County)
- 10/7-10/9 - New Mexico Wildland Urban Fire Summit (TBD)
- 10/22-10/23 - NMCIA Board of Directors Meeting & Retreat 8:30AM - TBD
- October - Infrastructure Finance Conference (TBD) Ruidoso
- 11/6 - NMC Executive Committee 2PM (Santa Fe County)
- 11/7 - NMML/NMC Joint Legislative Meeting 9AM (Santa Fe County)
- 12/10 - Advisory Council Meeting 2PM (Virtual)
- 12/16 - NMCRe Captive Board Meeting 1PM (Virtual)

Approved by NMC Board of Directors On: October 4th 2024
Last Updated On:

GROUP	DATE		TIME	LOCATION	NOTES
NMCIA Membership	Tue., Jan., 21		9:00 AM - 12:00 PM	Santa Fe CC	Mon bod dinner
Board Meeting	Thu., Jan. 23	3rd Thu	2:00 - 5:00 PM	NMC Office	
Litigation Committee	Tue., Feb. 18	3rd Tue	10:00 - 11:30 AM	Zoom	
New Board Member Orientation	Tue., Mar. 25		8:30 AM	NMC Office	3 known members
Board Meeting	Wed., Mar. 26	4th Wed	8:30 AM	NMC Office	
Litigation Committee	Tue., April 15	3rd Tue	10:00 - 11:30 AM	Zoom	
Board Meeting	Wed., May 21	3rd Wed	8:30 AM	NMC Office	
Board Meeting	Mon., June 16	3rd Mon	1:00 PM	Curry Cty	
Litigation Committee	Tue., July 8	3rd Tue	10:00 - 11:30 AM	Zoom	
Board Meeting	Wed., Aug.20	3rd Wed	8:30 AM	Grant Cty	
Litigation Committee	Tue., Sept. 16	3rd Tue	10:00 - 11:30 AM	Zoom	
Board Meeting	Wed., Oct. 22	4th Wed	8:30 AM	NMC Office	
Litigation Committee	Tue., Nov. 18	3rd Tue	10:00 - 11:30 AM	Zoom	
Litigation Committee	Tue., Dec. 16	3rd Tue	10:00 - 11:30 AM	Zoom	

Membership Meeting	Board Meetings					
January 21	January 23	March 26	May 21	June 16	August 20	October 22
Action Items: Election of mid-level-high county population director (Danny's pos) Election of geographic directors Ratify Dona Ana County Commission board appointment	Executive Session	Executive Session	Executive Session	Executive Session	Executive Session	Executive Session
	Action Items: Rafity election of bod mbrs Election of board officers 2025 board retreat location	Action Items:	Action Items: Approve WC budget Approve WC reinsurance Approve WC contributions Approve retreat loc/date CRL govern conf attendees	Action Items:	Action Items: Acknowledge receipt audit Review 2026 meeting cal	Action Items: Approve 2026 mtg cal Approve 2026 cov agreemt Approve prop covg agrmt Approve ML LE reinsurance Approve ML LE contribs Approve 2026 budget Approve open mtg act resol.
Staff Presentations: Executive Director Financials Risk Management Loss Ratios Loss Prevention Workers' Comp Multi-Line Legal Bureau Captive Update	Staff Presentations: Executive Director Financials Risk Management Captive Update*	Staff Presentations: Executive Director Legislative Report Financials Risk Management	Staff Presentations: Executive Director Financials Workers' Comp Risk Management Captive Update	Staff Presentations: Executive Director Financials Loss Prevention Risk Management	Staff Presentations: Executive Director Financials Multi-Line Risk Management Loss Ratios Captive Update	Staff Presentations: Executive Director Financials Risk Management Legal Bureau Captive Update
NOTE: full presentations with graphics as we've done, but staff will also refer to the annual report we'll hand out. Staff will report one additional thorough report during the year and minimal memos for the board books the other meeting dates.	Other:	Other:	Other: Review NMC budget	Other:	Other:	Other:

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 6.F.	<u>Item Title:</u> Approve Updated 2024 Coverage Agreement: LE-6
<u>Presenter (s):</u> Grace Philips, Risk Management Director	
Motion by:	Seconded by:

New Mexico County Insurance Authority
Law Enforcement Liability Program

Member Coverage Agreement

AMENDED Endorsement No. LE - 6

Limited per-occurrence coverage for whole or partial allegations of failure to provide adequate healthcare or mental healthcare to inmates or detainees.

This coverage is based on the underwriting information at the time this coverage agreement was updated, and if it is found that no contract was in place at the time of a claim, then the member will not have the coverage available under endorsement 6.

This **Agreement** provides only a \$2,000,000 sublimit per occurrence coverage (including defense costs), for any claim with whole or partial allegations of failure to provide adequate healthcare or mental healthcare to inmates or detainees of the following **Named Members:**

- ~~1.~~ 1. Catron
- ~~2.~~ 2. Chaves (effective September 19, 2024)
- ~~3.~~ 3. Colfax
- ~~4.~~ 4. De Baca
- ~~5.~~ 5. Eddy
- ~~6.~~ 6. Grant
- ~~7.~~ 7. Hidalgo
- ~~8.~~ 8. Luna
- ~~9.~~ 9. McKinley
- ~~10.~~ 10. Quay
- ~~11.~~ 11. San Miguel
- ~~12.~~ 12. Socorro
- ~~13.~~ 13. Taos

Subject otherwise to all terms, clauses and conditions of this **Agreement**.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 7.A.	<u>Item Title:</u> Legal Bureau Update
<u>Presenter (s):</u> Brandon Huss, Legal Bureau Director	



NMC LEGAL BUREAU UPDATE

Date: October 15, 2024
To: NMCIA Board of Directors
From: Brandon Huss, Legal Bureau Director
Re: Legal Bureau Update

Greetings Board Members,

Please accept this short update on Legal Bureau operations. Since our last update in August, the Legal Bureau continues to handle cases on behalf of eighteen counties. We have 87 open litigation matters for member counties directly. We are also representing the pool in a few high exposure claims where the potential risk exceeds the available coverage or there are questions about the existence of coverage.

In the last 2 months, we have finalized settlements in 10 cases, many of which were settled for less than \$100,000. I can always answer questions about the specific cases that exceeded \$100,000 at the upcoming meeting.

We have filed dispositive motions (either motions to dismiss or for summary judgment) in approximately 15 additional cases. We hope to have ruling on most of those by the end of the year.

Finally, we recently filed an appeal to the Tenth Circuit on an interesting sheriff's use of force case. The case presents an interesting question of law regarding the boundaries of qualified immunity for decisions that must be made very rapidly in the field. Again, I can discuss these issues further at the meeting, if the Board is would like to hear more about this issue.

Very Truly Yours,

Brandon Huss

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 7.B.	<u>Item Title:</u> Loss Prevention Update
<u>Presenter (s):</u> Greg Rees, Loss Prevention Manager	



Memorandum

Date: October 12, 2024
To: NMCIA Board
From: Greg Rees, Loss Prevention Manager
Re: Loss Prevention Update

The Lexipol Policy Management solutions for Sheriff’s Offices in the Law Enforcement pool is moving forward at a steady pace. The Sandoval County Sheriff’s Office has completed implementation and is currently using the product. Chief Deputy, Allen Mills is the project manager and has said it is an “awesome product and a game changer for the state, which creates consistency.” Mills also said that many deputies had the app on their phone within hours of going live, which means they have their policies with them.

Also, I have had several meetings with Benchmark Analytics about their risk control tool, iMPACT. iMPACT’s focus is to provide a risk forecast for each member agency paired with recommendations to reduce risk through an analysis of claims data and an evidence-based survey. I followed up with Kevin Balfanz, Director of Field Services from Minnesota Counties Intergovernmental Trust (MCIT), about iMPACT. He said the depth of analysis from claims data, member surveys, and review of high-performance agencies are what make the product an incredible value. Currently, the MCIT has iMPACT deployed with the sheriff’s law enforcement section but do plan to expand into the jails.

County Risk Sharing Authority (CORSA) Assistant Director, Frank Hatfield, also recommended Benchmark Analytics. He said the program has helped the Ohio pool focus resources in appropriate areas. Information generated from member surveys is shared and his organization develops action plans to address trends that impact claims. He cited specifically using after actions and recruiting strategies that were garnered from the survey to help members.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG



In addition, at the last NMCIA Board meeting, it was requested that I evaluate an online training program to update/replace the existing Risk Awareness Program (RAP) lesson plans. San Juan County Manager, Mike Stark recommended Safety Skills. Safety Skills has been acquired by the Health and Safety Institute (HSI), which is the same company we partner with to provide First Aid/CPR training for our members. The HSI user dashboard is user friendly, and the course catalogue has over 11,000 courses. While working with the sales representative, he developed an equivalency training program that would cover almost all the courses for general safety in the RAP program. I am currently evaluating the same type of training program with J.J. Keller.

Attached to this memo is the latest Lexipol project status report and a Risk Reduction Briefing by Benchmark Analytics.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG

LEXIPOL (Project Control - Monthly Summary Report)

GENERAL PROJECT INFORMATION

PROJECT NAME		SR PROJECT MANAGER	OPERATIONS MANAGER
New Mexico Counties (NMC)		Phil Holder	Richard Pascarella
EMAIL	PHONE	ORGANIZATIONAL UNIT(S)	
pholder@lexipol.com ; rpascarella@lexipol.com	949-226-8074	Lexipol Professional Services	
AGREEMENT EFFECTIVE DATE	PROJECT STATUS REPORT DATES	EXPECTED START DATE	EXPECTED COMPLETION DATE
28-Dec-23	09/01/2024 - 09/30/2024	06/01/2024	02/28/2026

PROJECT SUMMARY - SEPTEMBER 2024

PURPOSE OF PROJECT	<p>Establish and implement constitutionally sound Law Enforcement Policy Manuals for the New Mexico Counties consortium of twenty-nine individual counties supported and delivered using the Lexipol Knowledge Management System.</p>
MONTHLY SUMMARY	<p>Group 1 participants include: Guadalupe CO, Hidalgo CO, Otero CO, Quay CO, Santa Fe CO, Sierra CO, Valencia CO, Sandoval CO, Lincoln CO, Curry CO, and Grant CO.</p> <p>Group 2 participants - Includes: Socorro CO SO, Taos CO SO, DeBaca CO SO, Colfax CO SO, Union CO SO, Bernalillo CO SO, Chaves CO SO and Catron CO SO; McKinley CO SO and Luna CO SO were requested to be moved up and are now in Group 2. We have completed pre-implementation meetings with all Group 2 participants and each have been assigned a project manager.</p> <p>We have started to reach out to the Group 3 participants to start scheduling the pre-implementation meetings. All Group 1 participants are working in Tier 2 or higher, except for Sierra CO, Valencia CO, Curry CO, and Grant CO. There are three counties working in Tier 3 and Sandoval CO has completed the manual; they are issuing the policy to staff and will begin using Daily Training Bulletins possibly in November. All Group 1 agencies have regular recurring meetings with their PM's now and Group 2 agencies have completed or have scheduled Kick-off meetings. Bernalillo CO has requested to start this project in November when they have a project manager available.</p> <p>Highlights:</p> <ul style="list-style-type: none"> • Sandoval CO SO - Completed review/edit of all Tiers; have issued all policies to staff. • Lincoln CO SO - Review of Tier II policies completed and started Tier III review. • Hidalgo CO SO - Review of Tier III policies completed; started Tier IV. • Grant CO SO - Moving through Tier I policies at steady pace • Quay CO SO - Working on review of Tier IV policies. • Guadalupe CO SO - Currently working on Tier I and II policies. • Sierra CO SO - Completed K/O mtg and started review of Tier I policies.

TASK(S) COMPLETED	<ul style="list-style-type: none"> • Most of the Group 1 projects are steadily progressing through the tiered implementation process; a few agencies meet only 1-2 times a month, which delays some progress. • Group 3 contracts were reviewed. There are 2 missing agreements and follow-up is being conducted by Sales & NMC. • Group 3 pre-implementation meetings were started in September and will be completed in October to prepare for implementations. • One Group 1 agency (Sandoval CO) has completed the review/edit process; there are two other departments that have started review of the last tier of policies.
TASK(S) DELAYED	<ul style="list-style-type: none"> • Taos CO SO - Has missed 3 mtgs this month; emails and calls have not been answered. • Luna CO SO - Did not return messages to start in September; had one meeting at the end of the month. • Sierra CO SO - Kick-off meeting completed this month; although there is a recurring meeting, there were several canceled meetings this month. • Grant CO SO - Agency had to replace one PWG member who left the department; most of the PWG are not experts with computer programs. • DeBaca CO SO - The pre-implementation was completed at the end of this month; implementation mtgs will begin in Oct • San Miguel CO SO - Contact was made with the agency and a pre-implementation meeting is to be scheduled in Oct
UPCOMING TASKS	<ul style="list-style-type: none"> • Update each Group 2 participants status of implementation by end of October. • Complete Group 3 contract reviews and build projects for outstanding agreements as they are submitted. • Complete pre-implementation meetings with Group 3 participants. • Assess Group 1 projects and update estimated completion dates.
RISK LOG	<ul style="list-style-type: none"> • Continue to reach out to agencies that are missing meetings, not corresponding, or haven't started the process. • Document delays and communicate problems. • Monitor delays of individual projects - extended time frames to begin or continue should be evaluated and consider moving next project in line to implementation.
ISSUE LOG	<ul style="list-style-type: none"> • Any issues related to projects have been conveyed to the project manager and PS supervision for resolution.

TENTATIVE SCHEDULE

KEY MILESTONES - GROUP 1	START	FINISH
Project Discovery Meeting	06/11/2024	07/20/2024
Existing Content Received / Reviewed	June/July 24	08/01/2024
Finalize Project Plan / Kick Off	Jun-24	Jul-24
Completion of PWG Initial Edits to Tier 1	July/August 24	In Progress (6/11) Done (5/11)
Completion of PWG Initial Edits to Tier 2	August/Sept 24	In Progress(3/11) Done (4/11)

Completion of PWG Initial Edits to Tier 3	August/Sept 24	In Progress (1/11) Done (3/11)
Completion of PWG Initial Edits to Tier 4	Sept/Oct 24	In Progress (2/11) Done (1/11)
Completion of PWG Initial Edits to Tier 5	Sept/Oct 24	In Progress (0/11) Done (1/11)
Existing Content Cross-Reference (As needed)	July/Oct 24	October
Onboarding / KMS Orientation	July/Oct 24	In Progress
Administrative and End-User Training	July/Oct 24	In Progress
Initial Draft Completion of Procedural Documents	TBD	TBD
Go-Live with KMS	TBD	TBD

KEY MILESTONES - GROUP 2	START	FINISH
Project Discovery Meeting	Aug/Sept 24	09/01/2024
Existing Content Received / Reviewed	Aug/Sept 24	In Progress
Finalize Project Plan / Kick Off	Jun-24	Jul-24
Completion of PWG Initial Edits to Tier 1	Aug/Sept 24	In Progress (5/10) Done (0/10)
Completion of PWG Initial Edits to Tier 2	TBD	TBD
Completion of PWG Initial Edits to Tier 3	TBD	TBD
Completion of PWG Initial Edits to Tier 4	TBD	TBD
Completion of PWG Initial Edits to Tier 5	TBD	TBD
Existing Content Cross-Reference (As needed)	Aug/Sept 24	October
Onboarding / KMS Orientation	September	In Progress
Administrative and End-User Training	TBD	In Progress
Initial Draft Completion of Procedural Documents	TBD	TBD
Go-Live with KMS	TBD	TBD

RESOURCES

LEXIPOL PROJECT TEAM	ROLE	RESPONSIBILITY
----------------------	------	----------------

Phil Holder	Project Manager	Coordinate and facilitate Project Specialists, provide supervisory level support and oversight to each child project and make appropriate edits at direction of the department, overall management of the project.
Richard Pascarella	Operations Manager - Project Sponsor	Oversee project needs and timelines, ensure proper resources are available and appropriately applied. Manage any items or issues escalated by project managers or counties. Maintain the Project Implementation Plan and Monthly Reports and regular contact with parent project. Provide executive level oversight as needed and communicate updates to Lexipol ELT.
Wendy Niebank	Vice President, Professional Services	Provide executive level support and oversight to the Lexipol project management team to ensure goals are attained. Be available to the customer leadership and customer project manager if questions or concerns arise. Provide direction on any escalated risks or issues.
CUSTOMER PROJECT TEAM	ROLE	
Greg Reese	Project Manager	

PREPARED BY	TITLE	DATE
Richard Pascarella	Operations Manager - West Region, Professional Services Division	10/02/2024

Policy Implementation Stages - Progress

Group #	Agency	MSA Signed / Review SoW	Pre-Implementation Meeting	EC Received & Reviewed	Kick-Off Meeting Completed	Recurring Mtg Schedule	Onboarding/KMS Orientation	Tier I - Review/Edits	Tier II - Review/Edits	Tier III - Review/Edits	Tier IV - Review/Edits	Tier V - Review/Edits	Quality Assurance Review	Policy Issuance / Handoff Meeting
1	NM Guadalupe County SO	√	√	√	√	√	√	IP	IP					
1	NM Hidalgo County SO	√	√	√	√	√	IP	√	√	√	IP			11
1	NM Otero County SO	√	√	√	√	√	IP	√	IP					30
1	NM Quay County SO	√	√	√	√	√	IP	√	√	√	IP			
1	NM Santa Fe County SO	√	√	√	√	√	IP	IP	IP					
1	NM Sierra County SO	√	√	√	√	√	IP	IP						
1	NM Valencia County SO	√	√	√	√	√	IP	IP						
1	NM Sandoval County SO	√	√	√	√	√	√	√	√	√	√	√	IP	√ / Oct
1	NM Lincoln County SO	√	√	√	N/A	√	IP	√	√	IP				
1	NM Curry County SO	√	√	√	√	√	IP	IP						
1	NM Grant County SO	√	√	√	√	√	IP	IP						
2	NM McKinley County SO	√	√	√	√	√	IP	IP						
2	NM Luna County SO	√	√	√	√	√	IP	IP						
2	NM Chaves County SO	√	√	√	N/A	√	Oct							
2	NM Taos County SO	√	√	No	√	IP	IP	IP						
2	NM Socorro County SO	√	√	√	√	√	IP	IP						
2	NM Catron County SO	√	√	N/A	√	√	IP	IP						
2	NM Bernalillo County SO	√	√	Rqstd	Nov									
2	NM Union County SO	√	√	IP	Pending									
2	NM Colfax County SO	√	√	IP	Pending									
2	NM De Baca County SO	√	√	IP	Pending									



iMPACT[®] Business Case Briefing
Systematic Law Enforcement Risk Reduction

Prepared Exclusively For:



IMPACT Program Summary

1

Benchmark's iMPACT solution is a continuous improvement framework enabling evidence-based loss control to systematically reduce law enforcement claims.

2

iMPACT is effective from any starting point of data & analytic sophistication. It provides a **risk forecast** for each member agency paired with **research-based** recommendations to reduce risk.

3

Chiefs, Sheriffs, and Municipal Administrators engage with the analytics, and in many cases **feel this work is critical to their future success.**

4

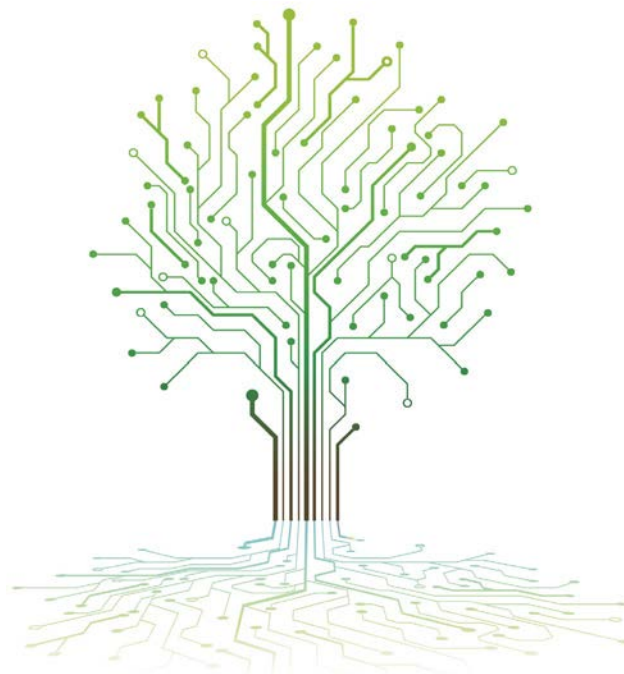
NLC-RISC Board of Directors approved financial support for members wishing to deploy iMPACT.

Benchmark Analytics Overview

Founded on a mission to advance Public Safety performance through applied data science.

Benchmark has:

- Government roots
- A heart of data science
- Sole focus on elevating public safety through evidence-based insights



Benchmark helps:

- Improve officer performance, reduce critical incidents and manage compliance.
- Reinforce trust and transparency with stakeholders.
- Offset or reduce escalating costs of injuries or incidents.



TheJoyceFoundation



iMPACT[®] Solution Overview

Platform to Systemically Analyze and Control Public Safety Risk



iMPACT is a data-driven platform helping pools:

1. Know forward-looking risks for each member.
2. Engage command staff and tailor evidence-based practice recommendations for each agency.
3. Measure evidence-based practice adoption & risk reduction over time.



iMPACT is a continuous improvement system leveraging machine learning that enables better insights and predictions over time.

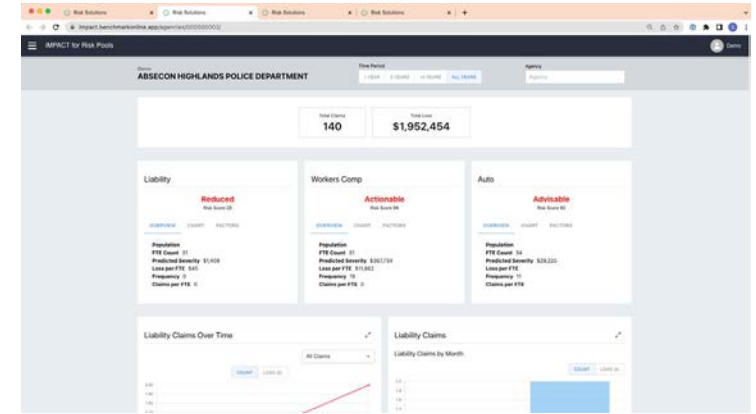


Figure 1: iMPACT Member-Specific Risk Profiles

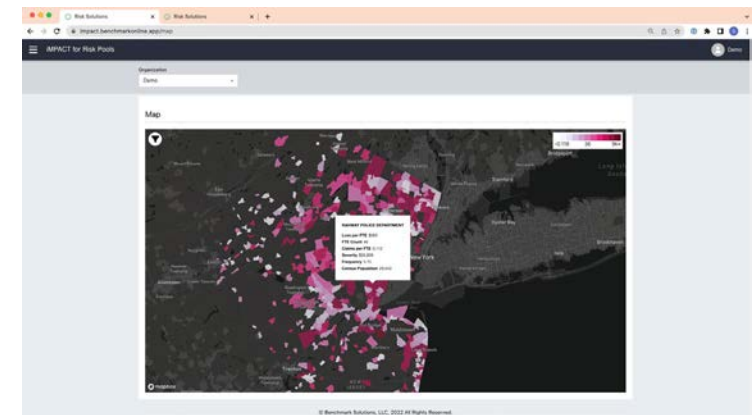


Figure 2: iMPACT Thematic Risk Mapping

How NM Counties Will Deploy iMPACT with Members

Engage Command Staff with Evidence-Based Practices to Reduce Risk



Survey data Analysis:

1. Agency Completes Survey about operations.
2. Clarify Survey Answers meet command staff; learn about agency and community context.
3. Discuss innovations and success inspiring engagement and adoption
4. Identify Opportunities to deploy new evidence-based practices.
5. Follow-up support and quarterly tracking

Equipment

1. Has your agency deployed, or are you scheduled to deploy, **body worn cameras**?

Unsure

No

Yes If Yes, Year deployed/planned? _____

2. Has your agency deployed, or are you scheduled to deploy, **tasers**?

Unsure

No

Yes If Yes, Year deployed/planned? _____

Figure 1: EBP Sample Survey Questions

Policies

3. Does your agency use a 3rd party policy management service such as IACP, Lexipol, LLRMI, etc. to provide content for your written policies?

Unsure

No

Yes If Yes, what year was the service implemented? _____

If Yes, which 3rd party do you use? _____

4. Does your agency have a specific written **policy on responding to calls involving persons with mental illness or in crisis situations**?

Unsure

No

Yes If Yes, what year was the policy implemented? _____

Figure 2: EBP Sample Survey Questions

What is the iMPACT Business Case?

Evidence-Based Practice Adoption Leads to Systematically Reduced Risk



Cost Benefit Analysis:

- Law Enforcement (LE) Jail Liability claims incurred an average annual loss is **\$62k average per claim***.
- A single average liability claim avoided pays for iMPACT.
- Benchmark can add LE Patrol and/or Workers Comp risk modules yielding additional ROI in the future.

**Benchmark Industry Analysis*

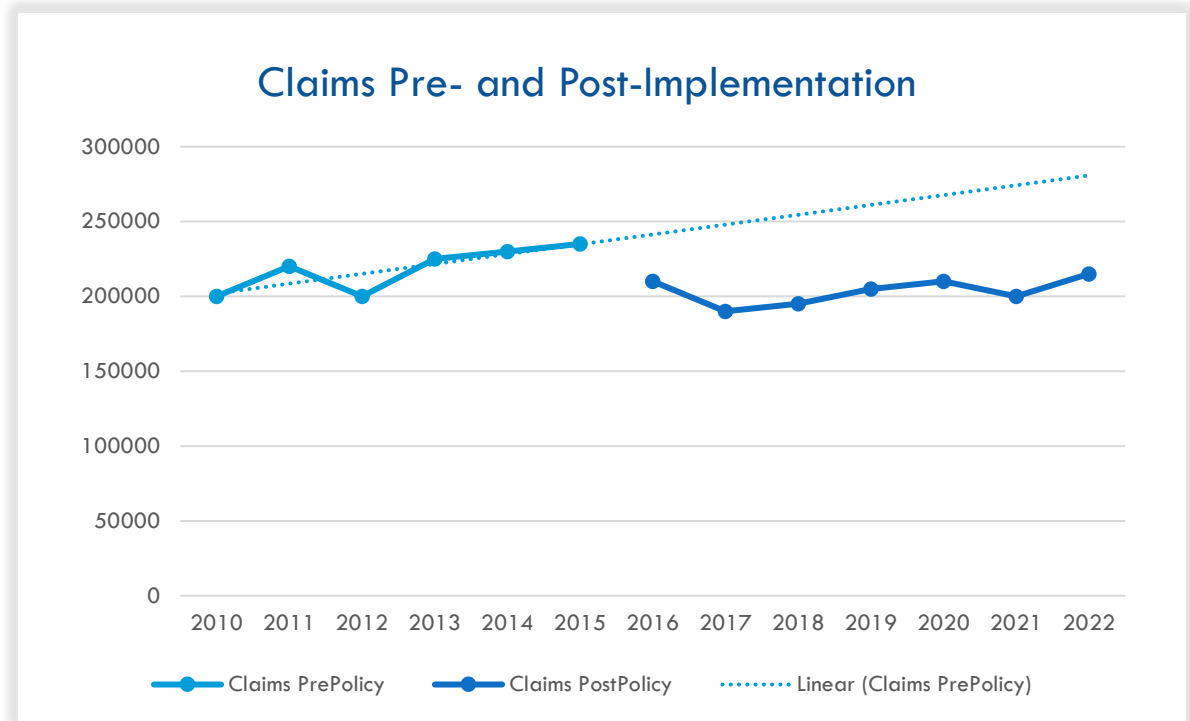
iMPACT[®] Program Milestones

Evidence-Based Practices	Q1	Q2	Q3	Q4	Y2	Y3
Benchmark Actual vs. Forecasted Claims	Analysis	Full Deployment & Maintenance	Full Deployment & Maintenance	Full Deployment & Maintenance	Full Deployment & Maintenance	Full Deployment & Maintenance
Engage Members with Evidence-Based Practices	Analysis	Analysis	Pilot	Pilot	Full Deployment & Maintenance	Full Deployment & Maintenance
Track Adoption & Measure Loss Control Program	Analysis	Analysis	Pilot	Pilot	Full Deployment & Maintenance	Full Deployment & Maintenance

- Analysis
- Pilot (10% to 25% of Member Agencies)
- Full Deployment & Maintenance (50% to 100% of Member Agencies)

What are Evidence-Based Practices?

Benchmark's novel research pinpoints which aspects of agency operations show strong statistical connection to reduced officer injuries and incidents leading to liability claims after deployment.



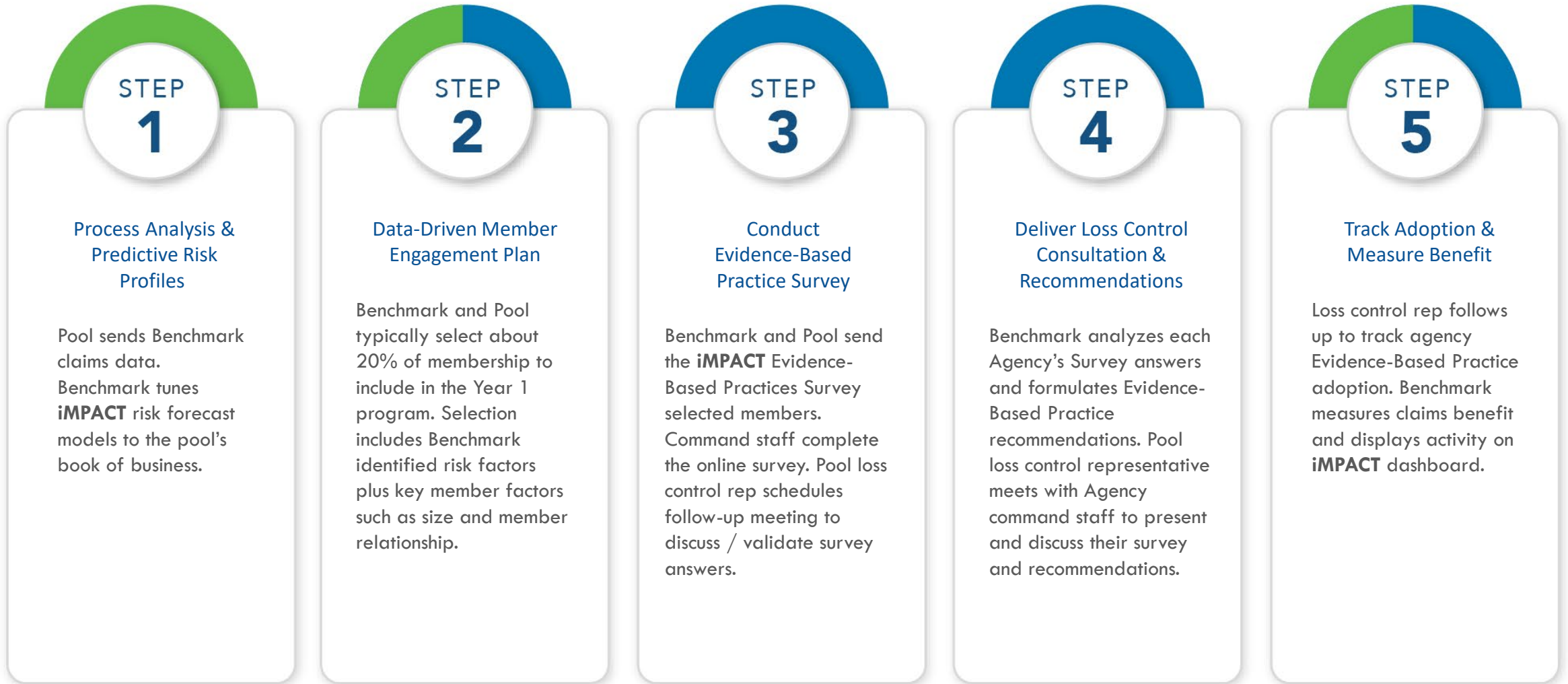
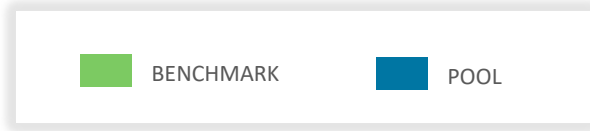
Benchmark's Research Consortium includes:

555 Agencies tracking Evidence-Based Practices

over a **25-year** time series spanning

16,000+ claims years

How Do Pools Typically Use iMPACT?



**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 7.C.	<u>Item Title:</u> Workers' Compensation Update
<u>Presenter (s):</u> Kamie Denton, Workers' Compensation Claims Manager	



Memorandum

Date: October 23, 2024
To: NM Counties Insurance Authority Members
From: Kamie Denton, Workers' Compensation Claims Manager
Re: Workers' Compensation Department Update

- Effective July 1, 2024, NMCIA provides workers' compensation coverage for 31 of the 33 New Mexico counties.
- The Workers' Compensation Claims Department Manual has been updated, and changes have been reviewed with claim staff.
- The New Mexico Workers' Compensation Administration has begun auditing the pool's open workers' compensation claims. They expect the audit to be completed by January 2025, though it may be completed before or after that date.
- As of September 30, 2024, we had 576 open workers' compensation claims (the oldest dating back to 1991) with a total incurred of \$49 Million. Of these open claims, 125 were from detention centers, and 131 were from sheriff departments.
 - The top five causes of injury by classification are strain, fall or slip, struck or injured by an object or person, miscellaneous (includes exposure/BBP), and motor vehicle accidents.
 - The most injured body part classification is multiple body parts, with 135 open claims as of September 30, 2024, and a total incurred of \$153.3 Million.
- Since its inception (01/01/1987), NMC has received 28,204 claims with a total incurred of \$171.2 Million as of September 30, 2024.
- We can provide open claim reviews and training to supervisors, managers, and directors on any workers' compensation-related topic. Please contact Kamie Denton (505-820-8159 or email:

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG



kdenton@nmcounties.org) for questions or if you would like to schedule a training or open claim review.

KD

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 7.D.	<u>Item Title:</u> Multi-Line Update
<u>Presenter (s):</u> Robin Martinez, Multi-Line Claims Manager	



NEW MEXICO COUNTY INSURANCE AUTHORITY POOL
Administered by New Mexico Counties

MEMORANDUM

TO: NMCIA Board of Directors
FROM: Robin Martinez, Multi-Line Claims Manager
DATE: October 17, 2024
RE: Multi-Line Department Update

This board approved the hiring of a Multi-Line Claims Examiner at its February 2024 meeting. I recently interviewed three applicants and made an offer to one individual. Unfortunately, the offer was declined and there has been no response to my email and phone call to potentially discuss and negotiate the salary. I will meet with Grace and determine how to proceed. I also hired Rebecca (Becky) Young as the ML Administrative Assistant. Becky was previously the receptionist for NMC.

The department continues to receive and handle a variety of claims and high volume of claims. Because the Retreat portion of this meeting will focus on claims data, this report does not include updates relating to claim data.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 7.E.	<u>Item Title:</u> CRL Update
<u>Presenter (s):</u> Grace Philips, Risk Management Director	



Memorandum

Date: October 23, 2024
To: NMCIA Board
From: Grace Philips, Risk Management Director
Re: CRL Update

Lori, Robin and I attended the CRL Property meeting in Atlanta. Property is a tough line nationally. It is critical that we have current property lists and values. The margin clause provides for up to 125% of reported value on total loss claims.

CRL property program has experienced significant losses and substantial reduction in their unrestricted fund balance. CRL as a result is under surveillance by the Vermont insurance regulators. The surcharges and capital adequacy contributions are an attempt to right that ship. They have also implemented a strategic action plan. The property plus program, however, is now doing very well and may be called upon to move into the CRL general ledger layer for the first \$5 million of reinsurance coverage.

444 Galisteo Street
Santa Fe, NM 87501

877-983-2101
505-983-2101
Fax: 505-983-4396

NMCOUNTIES.ORG



**County
Reinsurance,
Limited**

ANNUAL MEMBERSHIP MEETING

SEPTEMBER 25-26, 2024

Isle of Palms, South Carolina

-
- WHERE WE HAVE BEEN...
 - WHERE WE ARE NOW...
 - FINANCIAL PERFORMANCE
 - CLAIMS PERFORMANCE
 - ORGANIZATIONAL STRUCTURE
 - RISK CONTROL SERVICES
 - WHERE WE ARE GOING...



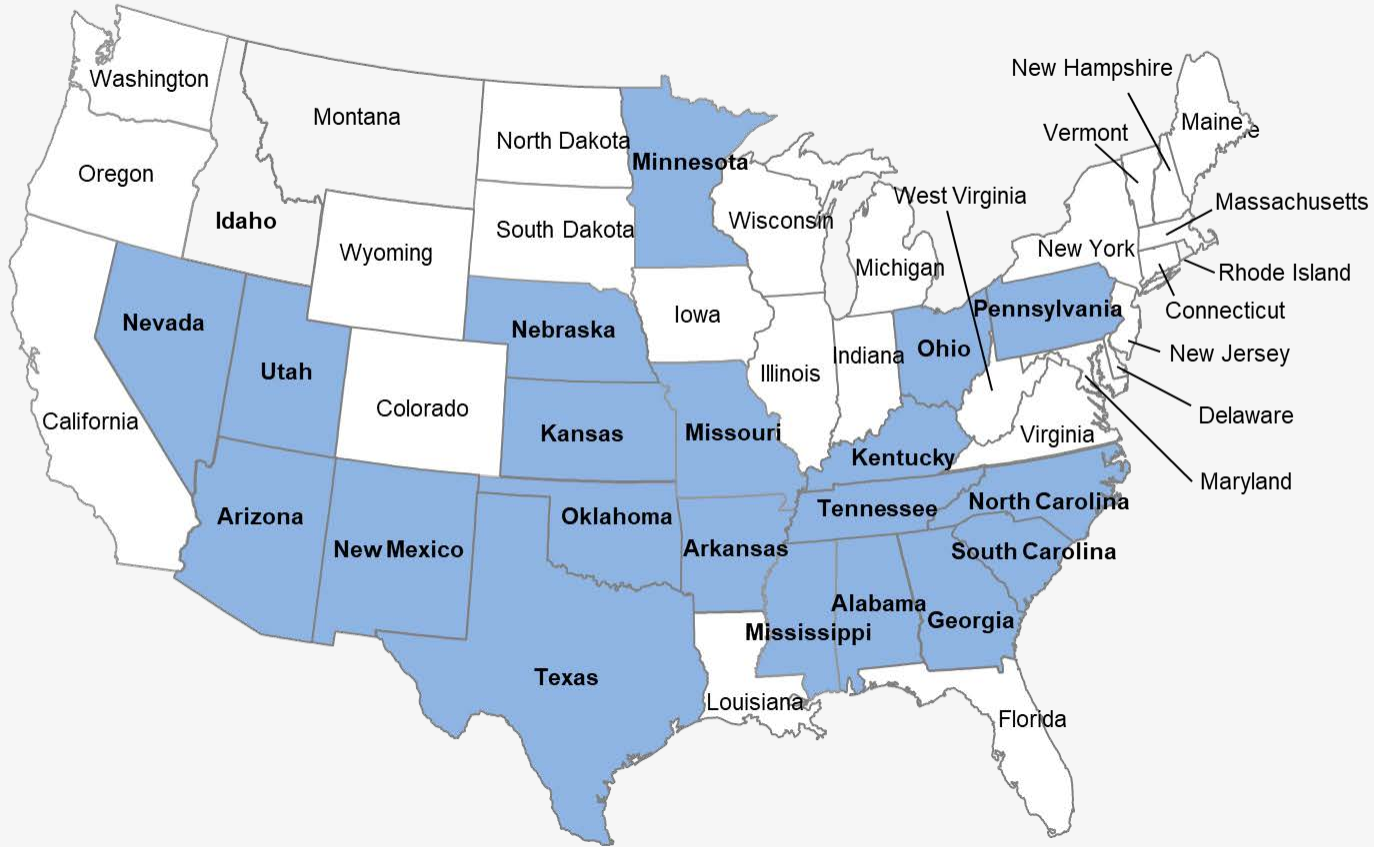
WHERE WE HAVE BEEN...

- Feasibility Study in 1996 Sponsored by National Association of Counties
- 20 Association Sponsored Pools Participated in Study
- Pool Liability retentions ranged from \$0 - \$500,000
- Pool Property retentions ranged from \$0 - \$250,000
- Pool Workers' Compensation retentions ranged from \$250,000 - \$500,000 (one pool with a \$750,000 retention for law enforcement)

WHERE WE HAVE BEEN...

- Operations began July 1, 1997
- Domiciled in Vermont
- 5 Initial Members
- \$1.6 Million in Earned Premiums (General Account)
- \$1.3 Million in Member Capital Contributions (General Account)

CRL - Current Members



WHERE WE ARE NOW...

- 27TH Year of Operation
- 20 States
- 29 Members

WHERE WE ARE NOW...

LIABILITY COVERAGE

CRL General Account retention up to \$3.0 Million

Optional limits above CRL General Account Retention provided by Safety National (SNCC)

Pool Member retentions range from \$250,000 - \$3.0 Million

Exposure Base: 299 Million Employees

WHERE WE ARE NOW...

PROPERTY COVERAGE

CRL General Account retention up to \$5.0 Million

CRL Property Plus \$25.0 Million in excess of \$5.0 Million

Reinsurance Property Panel with limits up to \$1.05 Billion

Pool Member retentions range from \$400,000 - \$5.0 Million

Exposure Base: \$90.0 Billion in Total Insured Values (TIVs)

WHERE WE ARE NOW...

WORKERS' COMPENSATION COVERAGE

CRL General Account retention up to \$3.0 Million

Statutory Limits provided by Safety National (SNCC)

Pool Member retentions range from \$500,000 - \$3.0 Million

Exposure Base: \$107.0 Billion in Payroll

WHERE WE ARE NOW...

GOVERNANCE

- **11 Member of Board of Directors**
 - Elected by the Membership
 - One Vermont Resident Director
- **9 Standing Committees**
 - Audit
 - Bylaws
 - Claims
 - Investment
 - Personnel
 - Strategic Planning
 - Underwriting
 - Meeting & Agenda
 - Property Plus

WHERE WE ARE NOW...

VENDOR PARTNERS



AIG Captive Solutions – Vermont Captive Manager



Marsh – Broker



Pinnacle Actuarial Resources – Actuary



Strategic Asset Alliance – Investment Advisor



AAM Insurance Investment Management – Portfolio Manager



Johnson Lambert – Independent Financial Auditor

WHERE WE ARE NOW...

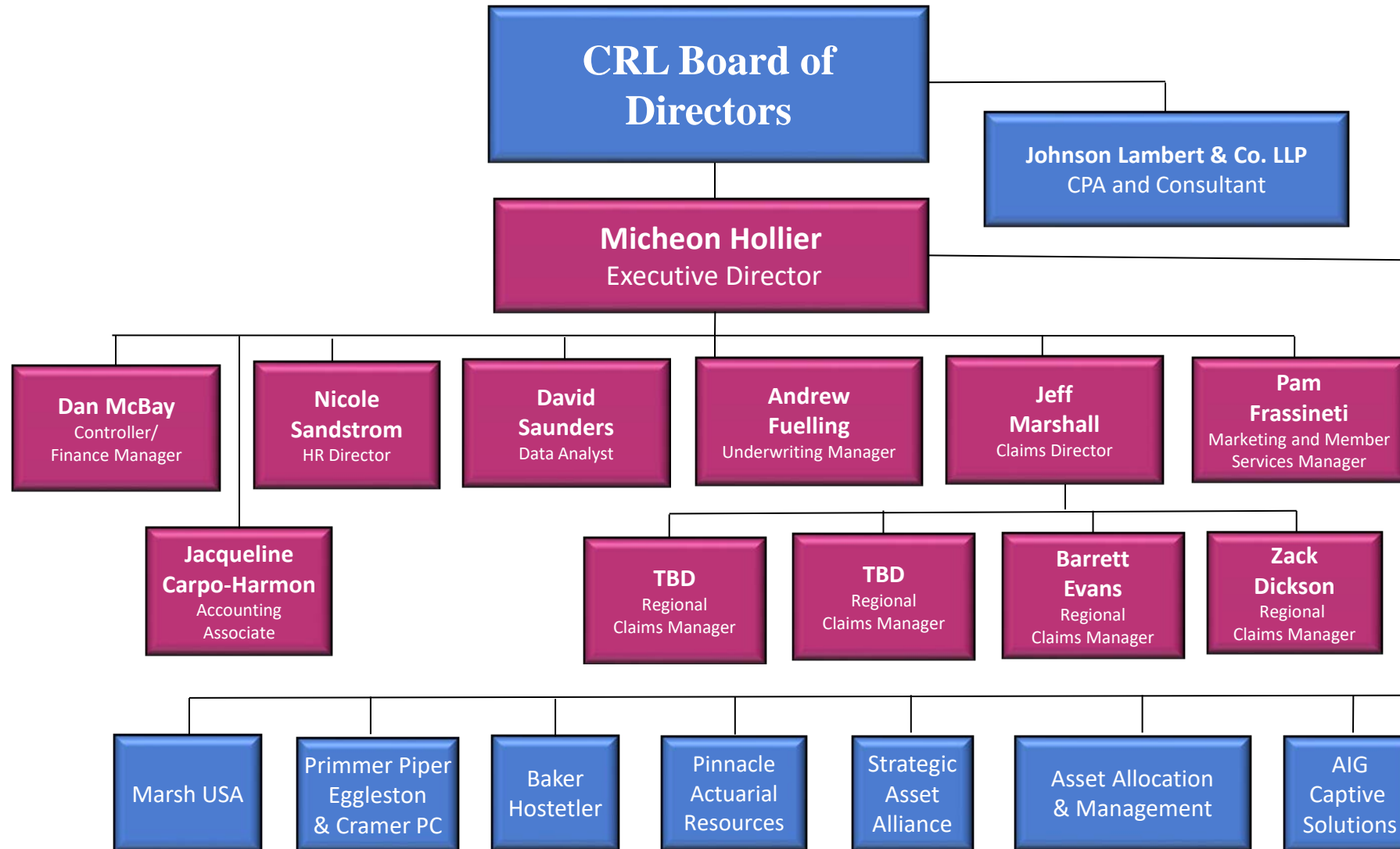
ACCOMPLISHMENTS

- Transition to new Captive Manager, AIG Captive Solutions
- Transition to new Actuary, Pinnacle Actuarial Resources
- Unmodified Opinion - 12/31/2023 Audited Financial Statements
- Addition of Aggregate Stop Loss Coverage for CRL Property Plus Account
- CRL Pool Board Governance Conference
- Strategic Planning and Survey

WHERE WE ARE NOW...







ACCOMPLISHMENTS

- Transition of Executive Director
- Expansion of CRL Team
 - HR Director, Nicole Sandstrom
 - Claims Director, Jeff Marshall
 - Claims Manager, Zack Dickson
 - Controller/Finance Manager, Dan McBay
 - Underwriting Manager, Andrew Fuelling









FINANCIAL PERFORMANCE - CRL General Account

COMPARED TO 12/31/2022 AUDITED

<p>ASSETS</p> <p>\$374.5M</p> <p> Increase of \$28M 8.1% Increase</p>	<p>LIABILITIES</p> <p>\$340.4M</p> <p> Increase of \$40.7M 13.6% Increase</p>	<p>TOTAL MEMBER SURPLUS</p> <p>\$34.1M</p> <p> Reduction \$12.7 M 27.2% Decrease</p>
<p>PREMIUMS EARNED</p> <p>\$74.2M</p> <p> Increase of \$11.6M 18.6% Increase</p>	<p>CLAIM EXPENSES</p> <p>\$96.2M</p> <p> Increase \$8.4 M 9.5% Increase</p>	<p>NET LOSS</p> <p>(\$11.8M)</p> <p> Net loss decrease \$5.7 M 32.4% Increase</p>

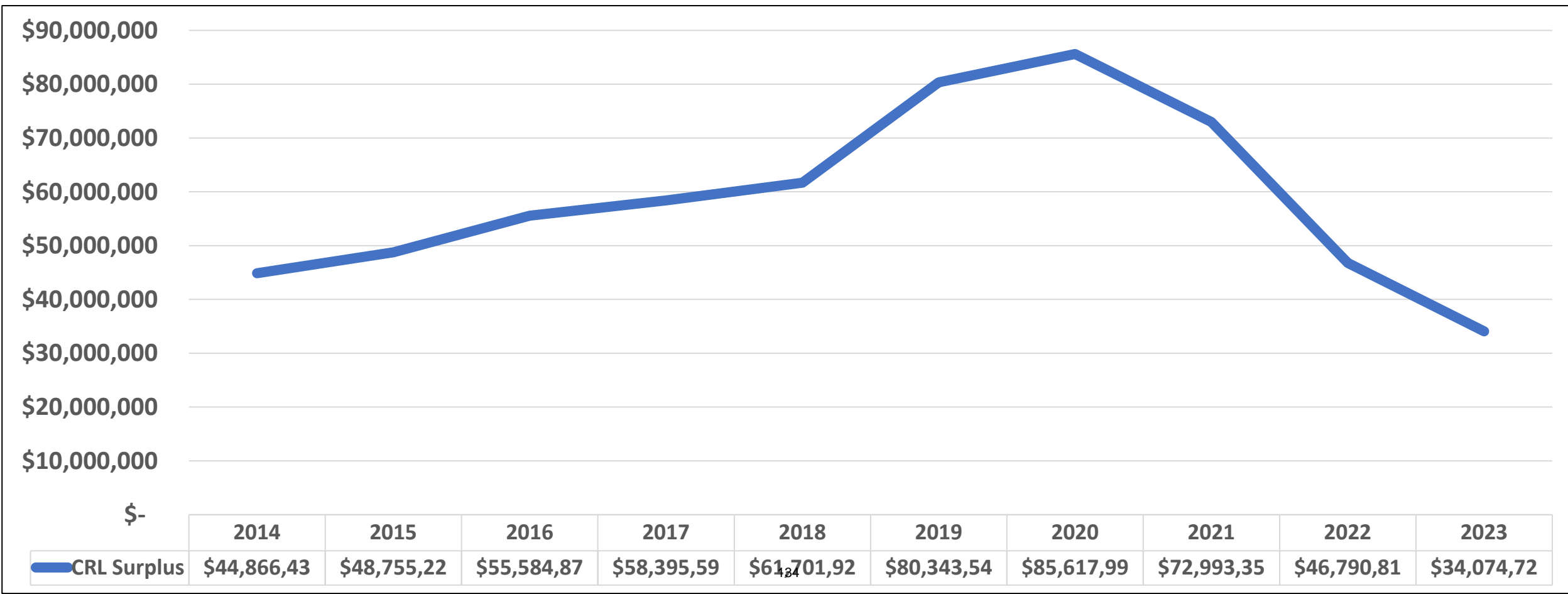
FINANCIAL PERFORMANCE -CRL Property Plus Account

COMPARED TO 12/31/2022 AUDITED

<p>ASSETS</p> <p>\$156.2M</p> <p> Increase of \$98.7M 171.8% Increase</p>	<p>LIABILITIES</p> <p>\$89.6M</p> <p> Increase of \$15.5M 478.1% Increase</p>	<p>TOTAL MEMBER SURPLUS</p> <p>\$73M</p> <p> Increase \$31M 73.9% Increase</p>
<p>PREMIUMS EARNED</p> <p>\$57.2M</p> <p> Increase \$48.7M 575.2% Increase</p>	<p>CLAIM EXPENSES</p> <p>\$36.7M</p> <p> Increase \$32 M 720% Increase</p>	<p>NET INCOME</p> <p>\$30.5 M</p> <p> Net Increase \$27.3 M 853.8% Increase</p>

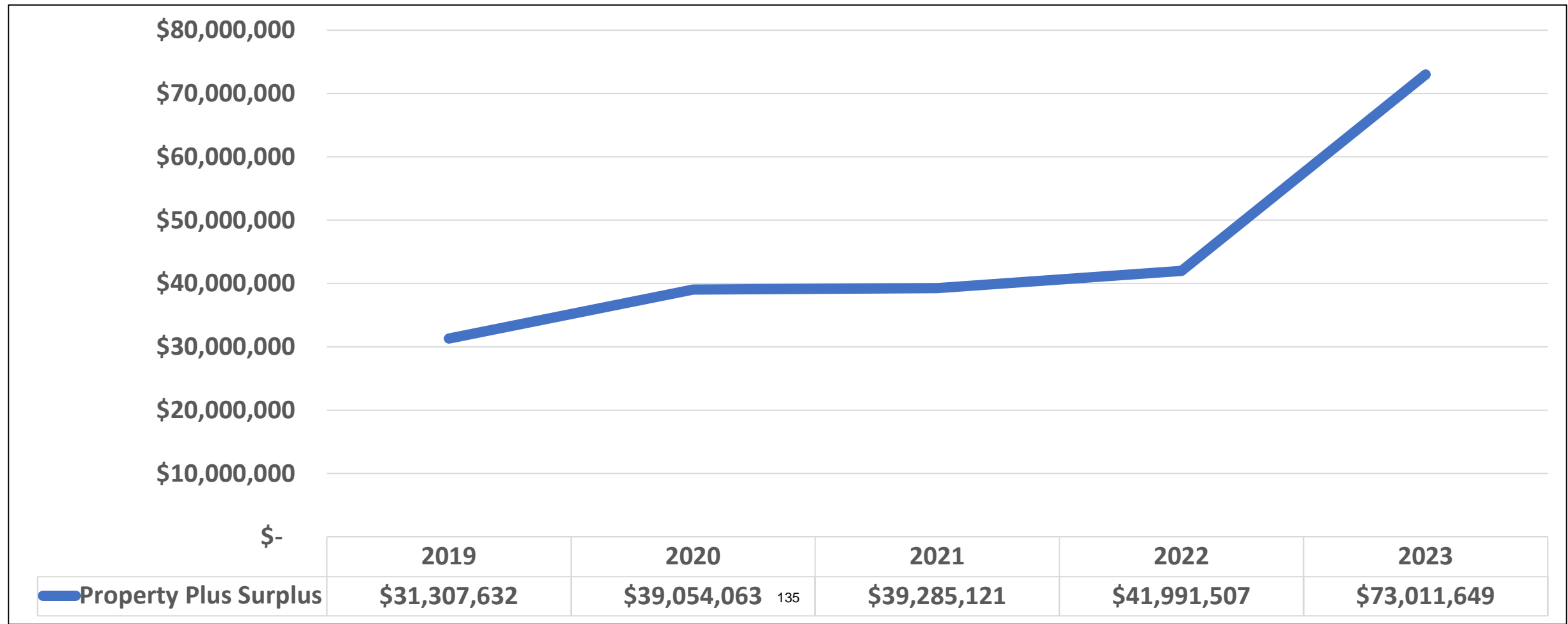
FINANCIAL PERFORMANCE - CRL General Account

CRL Member Capital Contributions and Unassigned Surplus



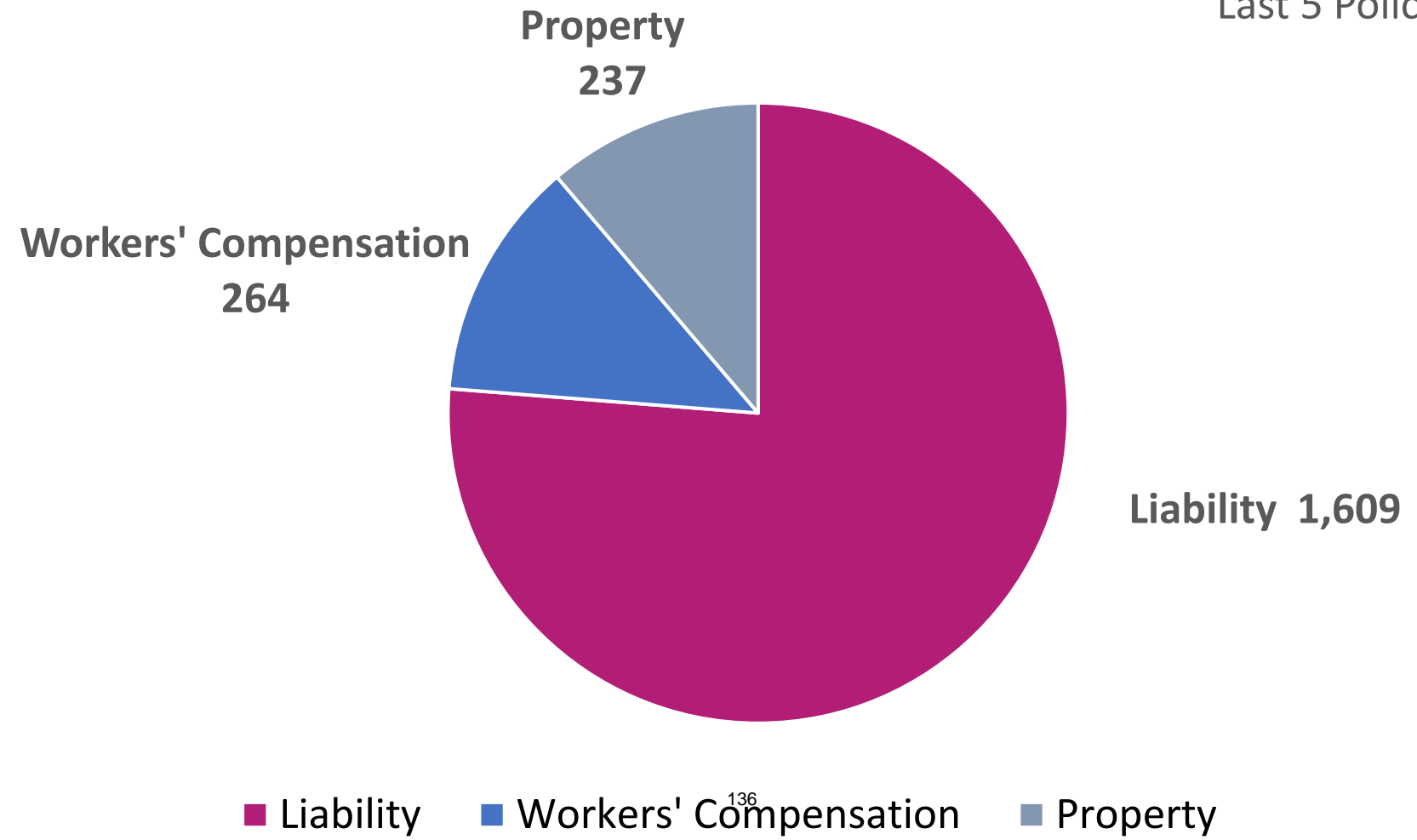
FINANCIAL PERFORMANCE - CRL Property Plus Account

Property Plus Member Capital Contributions and Unassigned Surplus



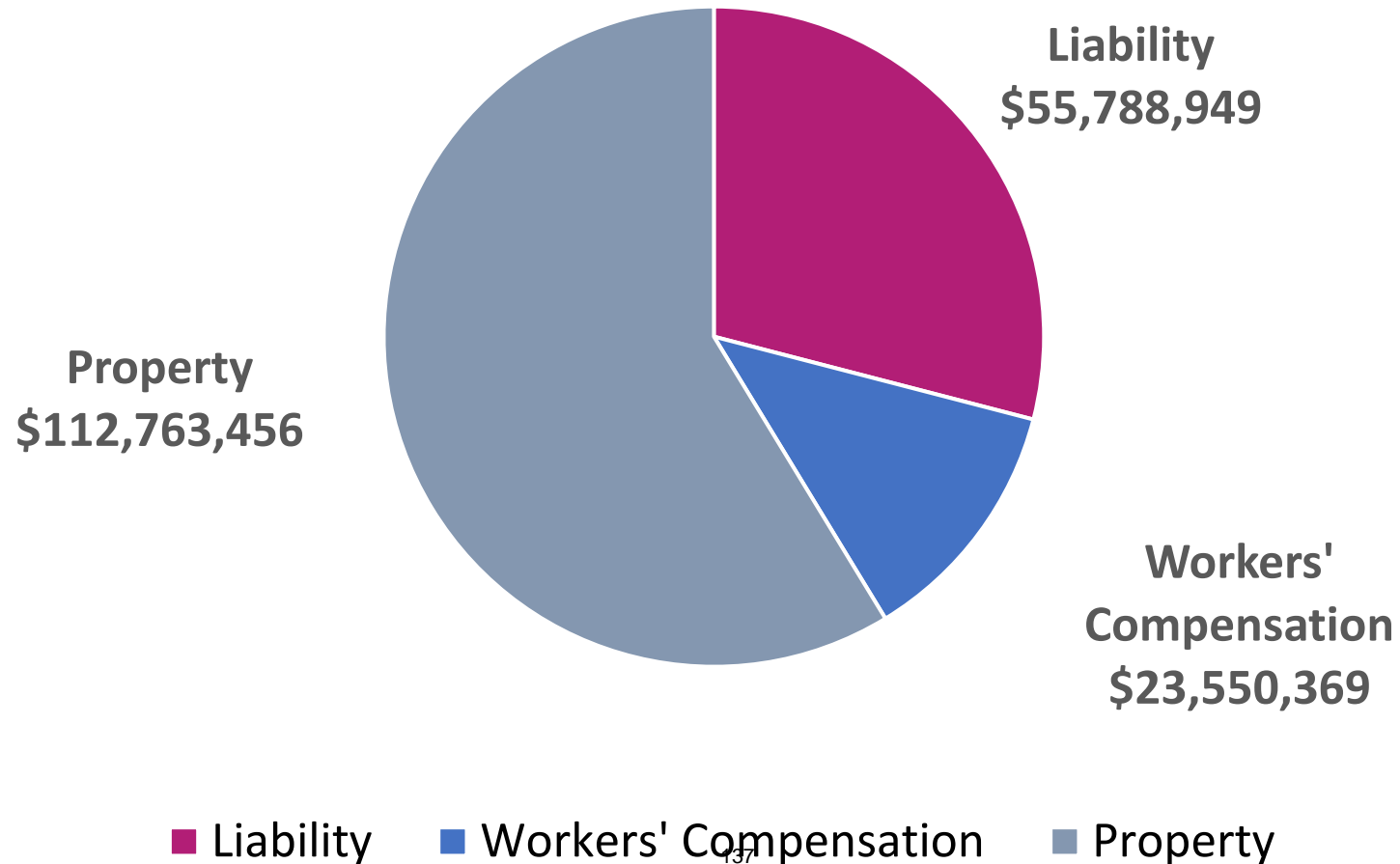
FINANCIAL PERFORMANCE - CRL General Account

Claim Count By Line of Coverage
Last 5 Policy Years



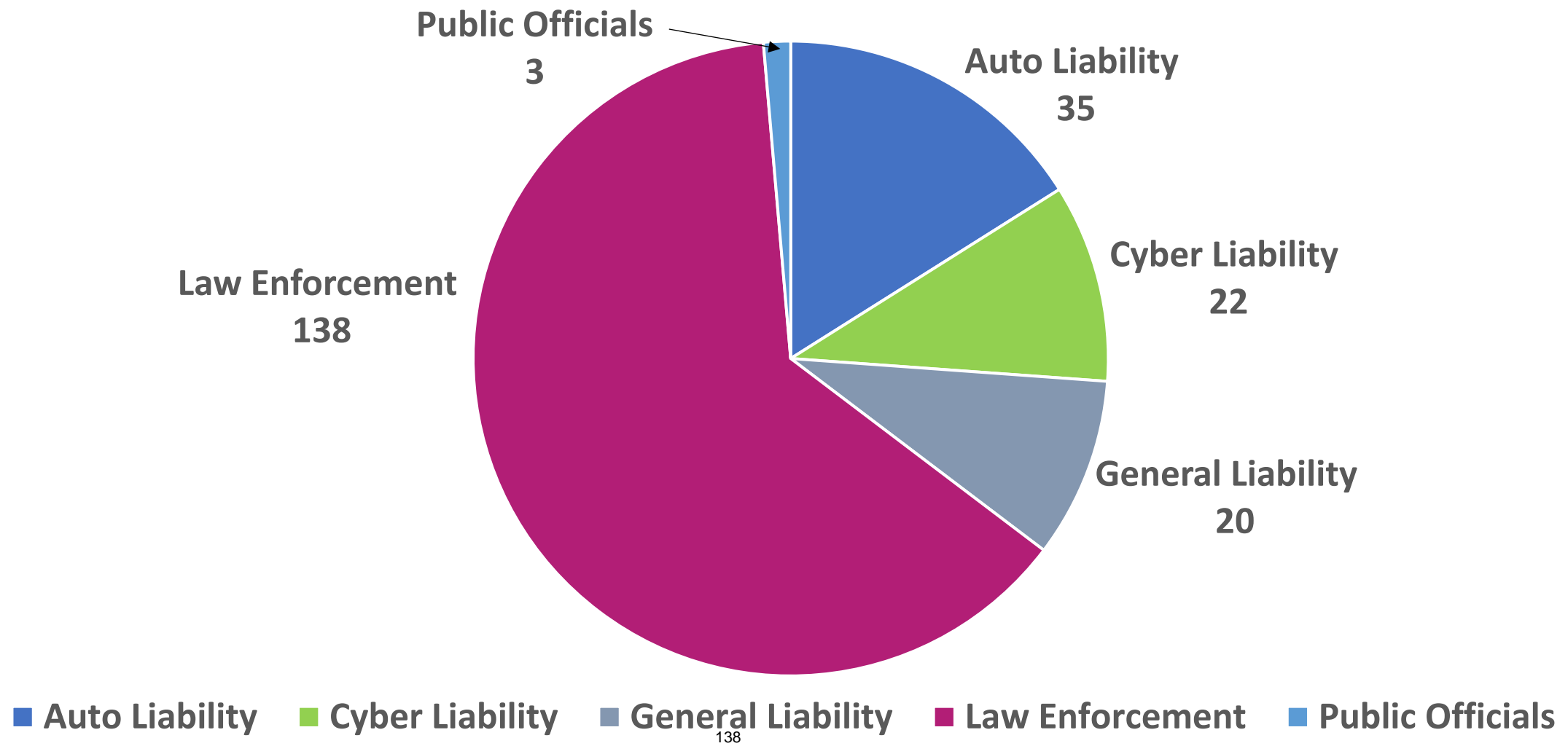
FINANCIAL PERFORMANCE - CRL General Account

Claim Payments By Line of Coverage
Last 5 Policy Years



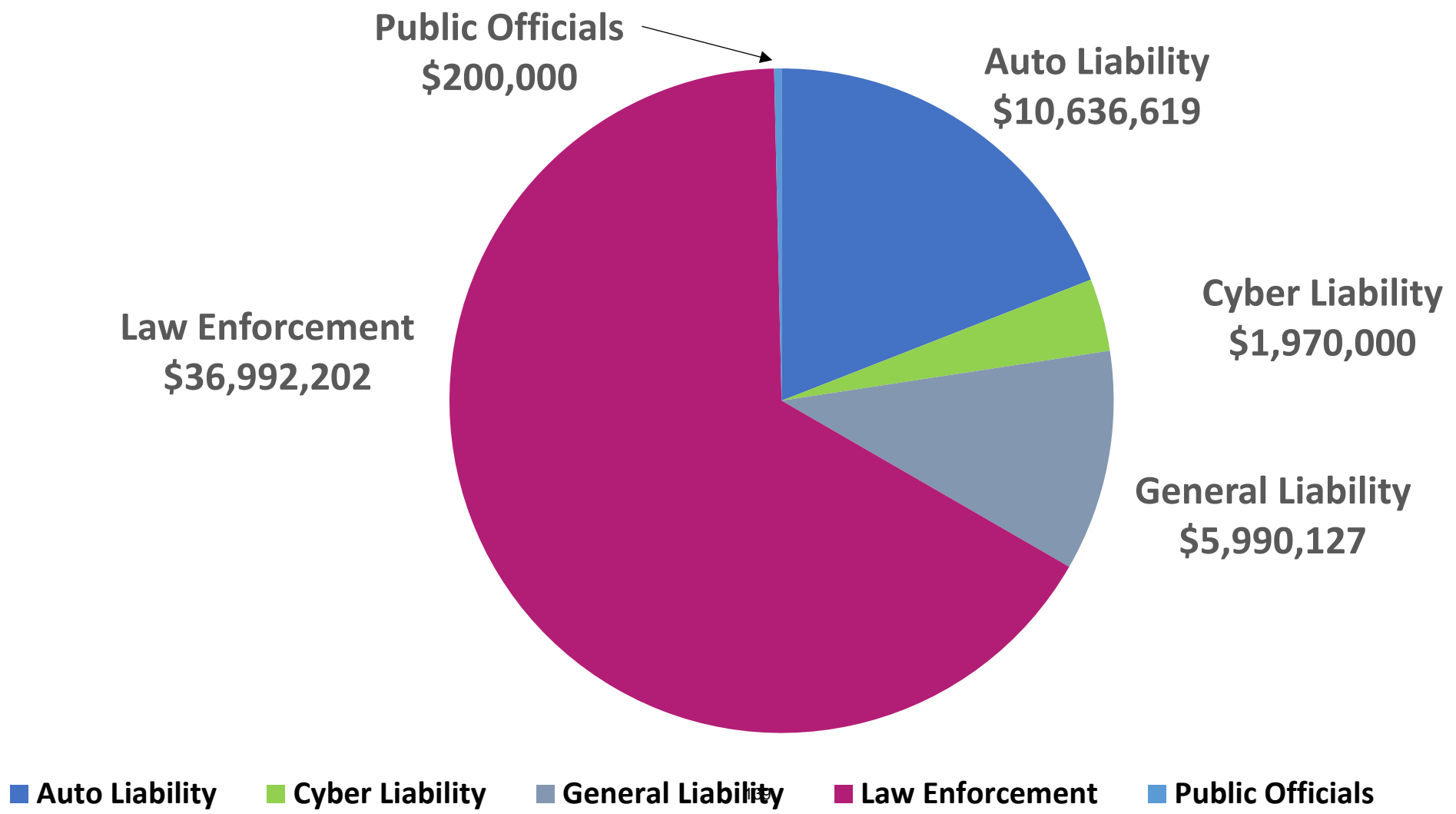
FINANCIAL PERFORMANCE – CRL General Account

Claim Count By Liability Sub-coverage Last 5 Policy Years



FINANCIAL PERFORMANCE – CRL General Account

Claim Payments By Liability Sub-coverage - Last 5 Policy Years



WHERE WE ARE NOW...

- Focus on Strategy - New Strategic Plan
- Continued Expansion of CRL Team
- Financial Stability
 - Capital Adequacy Study
 - Claims Management Review
 - Underwriting Review and Study
- Quality and Compliance
- Member Services and Expectations
- Member and Partner Resources



**County
Reinsurance,
Limited**

QUESTIONS?

Micheon L. Hollier, CRL Executive Director

6201 Towncenter Drive, Suite 240

Clemmons, NC 27012

Micheon.Hollier@countyre.org

(336) 354-4051



County Reinsurance, Limited
Annual Fall Board Meeting
September 24th – September 26th, 2024

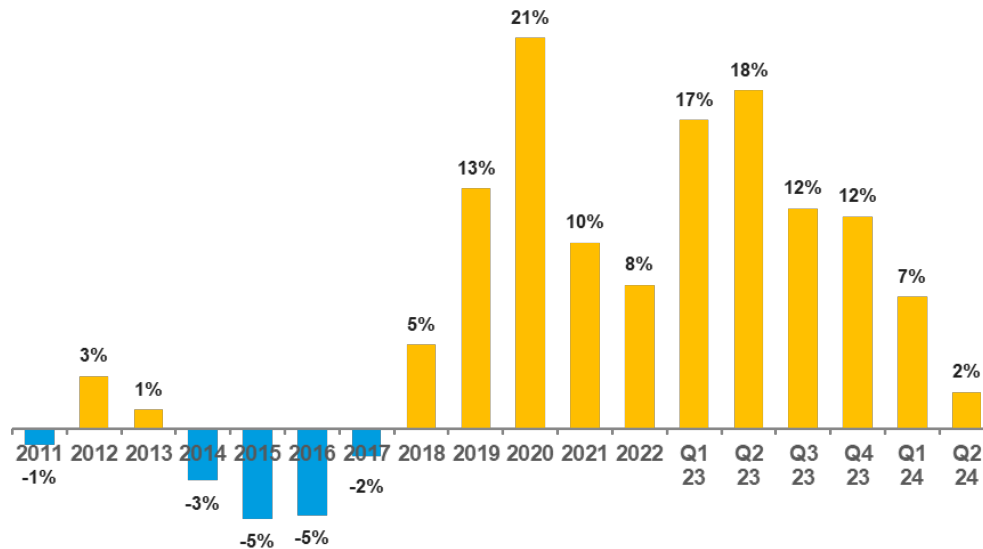


Property Renewal Review

Property Market Conditions

Property All Risk Q2 '24	Average Rate Change
CAT Accounts	0.1%
Non-CAT Accounts	3.7%
>\$1M Premium or Layered Accounts	0.5%
<\$1M Premium or Single Carrier Accounts	4.6%
All Accounts	2.0%

*27th consecutive quarter of rate increases
2% rate increase is lowest quarterly average in 6 years*



Global Property Losses

- Inflation-adjusted losses >\$100B in each of the past 7 years
- 1980–2023 annual average 8.5 events
- 2019–2023 annual average 20.4 events
- 28 weather events exceeding \$1B in 2023, up from 18 in 2022
 - Convective Storm represented 19 of the 28 events

Capacity

- Capacity strengthening
 - Expansion primarily through incumbent markets deploying additional capital
- Markets continue to adjust portfolios to consider higher treaty reinsurance attachment points and higher average loss content from secondary catastrophe perils.

Coverage

- Signs of flexibility in coverage terms, notably where markets were riding opportunistic market conditions
 - Continued decrease in non-concurrent terms on renewals
- Markets often more willing to concede on coverage than price

Cost

- Markets continue to push rate increases in initial quotes
 - Often agreeing to amend pricing when faced with oversubscription/non-renewal.
- As inflation stabilizes, the recent focus on value adequacy will wane

Experience

- Timing of quotes have improved but still slow
 - Leverage meeting quote deadlines in making binding decisions
- Focus market attention on the specifics of client's risk profile

2024 Exposure Review

State	Buildings	Vehicles	Equipment	Other	Total	% of Total
Georgia	\$8,743,405,654	\$407,138,951	\$497,788,322	\$576,309,440	\$10,224,642,367	11%
Mississippi	\$2,546,491,812	\$397,736,463	\$277,658,721	\$44,875,082	\$3,266,762,078	4%
Nebraska	\$1,740,597,776	\$112,233,000	\$350,507,506	\$35,615,896	\$2,238,954,178	2%
North Carolina	\$7,678,721,766	\$260,547,169	\$96,022,048	\$5,201,970	\$8,040,492,953	9%
Ohio	\$12,987,830,135	\$627,901,022	\$366,064,425	\$824,921,515	\$14,806,717,097	16%
Oklahoma	\$1,702,416,188	\$296,584,985	\$568,540,963	\$0	\$2,567,542,136	3%
Tennessee	\$3,460,965,080	\$386,249,538	\$217,987,839	\$106,054,164	\$4,171,256,621	5%
Texas	\$17,157,372,135	\$0	\$804,424,710	\$128,261,343	\$18,090,058,188	20%
Kansas	\$2,209,306,837	\$325,177,744	\$412,548,256	\$30,418,739	\$2,977,451,576	3%
New Mexico	\$3,350,619,000	\$344,507,069	\$74,791,157	\$516,106,018	\$4,286,023,244	5%
Utah	\$2,223,284,439	\$160,125,475	\$117,895,841	\$3,245,066	\$2,504,550,821	3%
Alabama	\$2,017,615,351	\$244,889,366	\$184,612,608	\$70,155,734	\$2,517,273,059	3%
Arkansas	\$2,350,156,951	\$0	\$328,611,554	\$50,022,991	\$2,728,791,496	3%
Kentucky	\$7,390,545,513	\$0	\$418,710,764	\$136,227,726	\$7,945,484,003	9%
Arizona	\$2,812,064,295	\$139,388,940	\$160,990,793	\$223,537	\$3,112,667,565	3%
South Carolina	\$2,160,489,456	\$229,035,707	\$76,880,206	\$0	\$2,466,405,369	3%
Total	\$80,531,882,389	\$3,931,515,429	\$4,954,035,713	\$1,951,329,781	\$91,945,072,752	100%

2024 Property Reinsurance Structure

Limits:																				
\$1,005,000,000 Carrier % share	Chubb 100%																			
\$755,000,000 Carrier % share	Mitsui 25%					Chubb 75%														
\$505,000,000 Carrier % share	Partner 7.5%	Chubb 92.5%																		
\$305,000,000 Carrier % share	Partner 7.5%	Chubb 25%					AUW 2.3704%	KI 1.6593%	HDU 8.8889%	RSUI 6.25%	ENH 4.1481%	Hamilton 2%	Lancashire 4.2907%	Fidelis 32.5926%			PVI 1%	WRB XS Connect 2.5%	AM First 1.8%	
\$205,000,000 Carrier % share	Starr 13%	Alchemy 3%	Swiss Re 10%	Everen 2.33%	CPIC 10%	TAL XS Connect 4%	Eurasia 12%		Allianz 10%		Fidelis 14.3667%		AXS 5.9259%		ARK v3 7.1111%		MMX 2.9630%	PVI 1%	WRB XS Connect 2.5%	AM First 1.8%
\$155,000,000 Carrier % share	Starr 13%	Alchemy 3%	Swiss Re 10%	Everen 2.33%	CPIC 10%	TAL XS Connect 4%	Eurasia 12%		Allianz 10%		Fidelis 14.3667%		WBC 3.1111%	AXS 3.8889%	AUW 2.5000%	KI 0.0000%	Markel 6.5%	PVI 1%	WRB XS Connect 2.5%	AM First 1.8%
\$105,000,000 Carrier % share	Starr 13%	Alchemy 3%	Swiss Re 10%	Everen 2.33%	CPIC 10%	TAL XS Connect 4%	AUW 2.9630%	KI 4.1481%	AFB 11.8519%		Berkley 2.5%	Hamilton 3%	Fidelis 7.5185%	WRB 4.7407%	AML 2.3704%	MMX 1.7778%	APL 3.5556%	HIS 4.7407%	LSMA 3.5%	Alcor 5%
\$80,000,000 Carrier % share	Starr 13%	Alchemy 3%	Swiss Re 10%	Everen 2.33%	CPIC 10%	TAL XS Connect 4%	AUW 2.9630%	KI 4.1481%	AFB 11.8519%		Berkley 2.5%	Hamilton 3%	Fidelis 7.5185%	WRB 4.7407%	AML 2.3704%	MMX 1.7778%	APL 3.5556%	HIS 4.7407%	LSMA 3.5%	AWAC 5%
\$55,000,000 Carrier % share	Starr 13%	Alchemy 3%	ASC 5.9259%	KI 11.7964%		Munich 7.5%	AFB 3%	CHN 4.3097%	WBC 5.1717%	CIN 3.5556%	ENH 5%	AML 2%	TAL 5%	Rokstone 4%	Fidelis 5%	Patria 7.5%	Convex 1%	HIS 4.7407%	LSMA 3.5%	AWAC 5%
\$30,000,000 Carrier % share	CRL Property Plus 100.00%																			
\$5,000,000 Carrier % share	CRL General Account 100.00%																			

Market Access Points
Guy Carpenter
Bowring Zurich
Bowring Bermuda
Bowring London
Bowring Shanghai
Bowring Singapore
Wholesale
U.S. Direct
Alternative Capital

2024 Property Renewal Highlights

Year-over-year Reinsurance Program Costs

- Without stop loss aggregate

2023 TIV	\$108,207,022,790	2023 Premium	\$26,983,827	2023 Rate	\$0.0249
2024 TIV	\$91,945,072,752	2024 Premium	\$22,336,295	2024 Rate	\$0.0243
\$ Delta	-\$16,261,950,038	\$ Delta	-\$4,647,532	\$ Delta	-\$0.001
% Delta	-15.03%	% Delta	-17.22%	% Delta	-2.58%

- With stop loss aggregate

2023 TIV	\$108,207,022,790	2023 Premium	\$26,983,827	2023 Rate	\$0.0249
2024 TIV	\$91,945,072,752	2024 Premium	\$28,336,295	2024 Rate	\$0.0308
\$ Delta	-\$16,261,950,038	\$ Delta	\$1,352,468	\$ Delta	\$0.006
% Delta	-15.03%	% Delta	5.01%	% Delta	23.59%

Stop Loss Aggregate

- Applies to CRL Property Plus layer (100% of \$25M excess of \$5M)
- Follows terms of the CRL Master Form
 - Including coverage for CAT perils
- Following \$50M aggregate erosion, provides capacity of \$25M per occurrence, subject to \$75M annual aggregate
 - Provides coverage for 3rd, 4th, and 5th losses
- Coverage provided by Lloyd's of London, led by Aegis

2024 Property Reinsurance Renewal Limits

CRL unamended Master Form governs reinsurance recovery for Pool Members

Limits available to Pool Members lower than reinsurance limits - no one Pool Member loss can erode entire reinsurance limit
Suggest Pool Members provide further lower limits to individual County Members - no one County Member loss can erode entire Pool Member limit

Reinsurance Limit (per occurrence)
Limit \$1,005,000,000
Largest Location TIV \$262,352,730
Only 1 County Member TIV exceeds program limit

Terrorism Limit (per occurrence)
Limit \$1,005,000,000

Convective Storm (per occurrence)		
	Limit	Modeled Exposure*
All Locations	\$1,005,000,000	\$136,894,952

Wildfire (per occurrence)		
	Limit	Modeled Exposure*
All Locations	\$1,005,000,000	\$62,517,635

Earthquake (annual aggregate)		
	Limit	Modeled Exposure*
New Madrid	\$300,000,000 (limited per Reinsured)	\$481,687,097
All Other	\$600,000,000 (\$125,000,000 per Reinsured)	\$488,503,087

Flood (annual aggregate)		
	Limit	Modeled Exposure*
SFHA	\$150,000,000 (\$25,000,000 per Reinsured)	\$170,686,756
All Other	\$600,000,000 (\$125,000,000 per Reinsured)	

Named Storm (per occurrence)		
	Limit	Modeled Exposure*
Tier 1 & 2	\$350,000,000 (erodes All Other limit)	\$363,080,753
All Other	\$750,000,000	

*CAT modeling only includes locations with TIV >\$400,000 in 2024.

*Note Modeled Exposure based on conservative 1,000 year Probable Maximum Loss (PML)

2024 Property Reinsurance Renewal Deductibles

CRL unamended Master Form governs reinsurance recovery for State Members

Reinsurance loss recovery is adjusted per the deductibles outlined in the unamended Master Form

Tier 1 Named Storm	SFHA Flood	New Madrid Earthquake
<p>County Member 3% per the Valuation Clause (as of the date of the loss)</p>	<p>County Member If NFIP purchased: excess maximum recoverable from NFIP, maximum \$500,000</p>	<p>County Member 2% per the Valuation Clause (as of the date of the loss)</p>
<p>Pool Member Same as All Other Perils</p>	<p>If NFIP not purchased: \$500,000 real property, \$500,000 contents, \$500,000 property in the open</p>	<p>Pool Member Same as All Other Perils</p>
<p>If in SFHA Zone If NFIP purchased: excess maximum recoverable from NFIP, maximum \$500,000</p>	<p>Pool Member Same as All Other Perils</p>	
Convective Storm	Equipment Breakdown	All Other Perils
<p>County Member 1% per the Valuation Clause (as of the date of the loss)</p>	<p>\$100,000</p>	<p>Pool Member \$400,000 minimum</p>
<p>Pool Member Same as All Other Perils</p>		<p>Nebraska \$500,000 North Carolina \$500,000 Utah \$500,000 Arizona \$1,000,000 Georgia \$1,000,000 Kentucky \$1,000,000 Ohio \$1,500,000 Texas \$5,000,000</p>
<p>Applies to Arkansas, Kansas, Kentucky, Nebraska, Mississippi, Oklahoma, Tennessee, and Texas</p>		<p>Increasing to \$450,000 minimum for all members at 2025 renewal</p>



2025 Action Items

Standardize data requirements for any new members/entities and for renewals

- CRL is an underwriting company. Pool Members are underwriting companies.
 - *Just like standard insurers, there are basic data requirements to enable a complete underwriting review. Without this data, do you really understand the risk you're taking on?*
- Basic submission requirements, **no quote without this data**
 - Statement of Values (for both prospective new members and renewal members)
 - In Excel format
 - Including all locations, regardless of value
 - Loss History (for prospective new members)
 - Covering at least previous 10 years
 - Including location(s) impacted, cause of loss, gross loss amount, deductible at the time of loss
 - If formal carrier loss runs are unavailable, a detailed write up of previous losses
 - Requested coverage terms (for prospective new members)
 - Including coverage limits and deductibles, and any unique coverage clause requests
- Additional helpful submission information
 - Previous appraisal reports to support reported values
 - Engineering reports, particularly for high valued locations
 - Including status of any open risk control recommendations

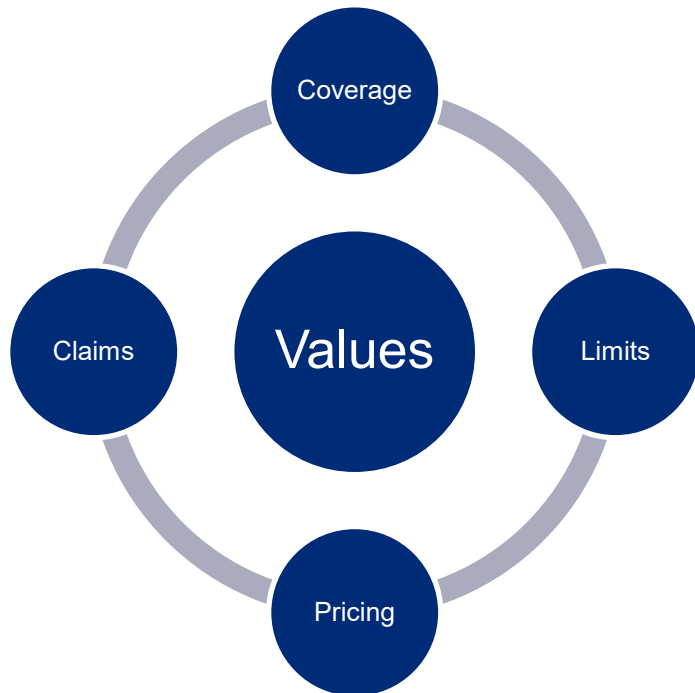
2025 Action Items

Standardize SOV data

- Accurate COPE data is the primary driver of property insurance pricing.
- COPE data directly impacts the accuracy of CAT modeling.
 - Limits purchased are driven directly by CAT modeling.
 - Consistency in COPE data paramount to underwriter confidence in data accuracy.
- Best practices
 - Static location ID assigned to every location
 - Non-building locations (vehicles, mobile equipment, piers, bridges, dams, fine arts, watercraft, drones) entered on separate tabs
 - Mark locations if historical valuation is required
- Critical COPE data points for every location
 - Latitude/longitude (decimal format, center)
 - Year built (structural year upgrade)
 - Occupancy description
 - Construction description
 - Square footage
 - Sprinklers
 - Flood zone
 - Number of stories
 - Finished floor elevation
- Additional secondary characteristics for CAT-exposed can be determined by trained engineers

2025 Action Items

Accurate value data is the primary driver of adequate pricing, coverage, limits, and claims management.



COVERAGE

- Understanding the exposure
- Ensuring necessary perils are insured
- Historical locations
- Newly Acquired Property, Miscellaneous Unnamed Property

LIMITS

- CAT peril limit adequacy
 - Values feed CAT modeling which is primary basis for CAT limits
- Non-CAT limit adequacy
- Occurrence vs. aggregate limits

PRICING

- Actuarial view of risk
 - Adequate premium collected for exposure
- Volatility mitigation
 - Financial stability
 - Surplus adequacy
- Underwriter confidence in risk

CLAIMS

- Deductible application (values reported vs. at time of loss)
- Ensuring loss recovery is adequate for exposure
- Impact of recovery limitations (i.e. margin clause)

2025 Action Items

Standardize appraisal requirements

- Robust appraisals are the best means to obtain accurate values.
 - *Consistency in valuation methods and frequency of appraisals yields long-term accuracy.*
- Best practices
 - Utilize approved appraisal firm (Centurisk, HCA, Kroll, and CBIZ)
 - Appraisal frequency no less than every 4 years
 - Index values for off-year locations
 - Utilize industry standard index based on geography and type of building
 - Ensure all new members implement Pool Member's appraisal protocol in year 1
 - This should be a pre-requisite to binding coverage
 - All locations, regardless of value, to be appraised in year 1
 - Locations under Pool threshold for appraisals should be indexed annually
 - Begin on-site appraisals once indexed value exceeds Pool threshold
- Historical locations
 - Ensure appraisal firm has the expertise to capture historical reproduction cost (NOT replacement cost)
 - Appraisal report should include details of historical reproduction cost basis
 - Ensure "Historical Valuation" is marked on the SOV

Marketing Reference Material

July 1, 2024 - 2025 Property Insurance Program
Report Date: September 2024



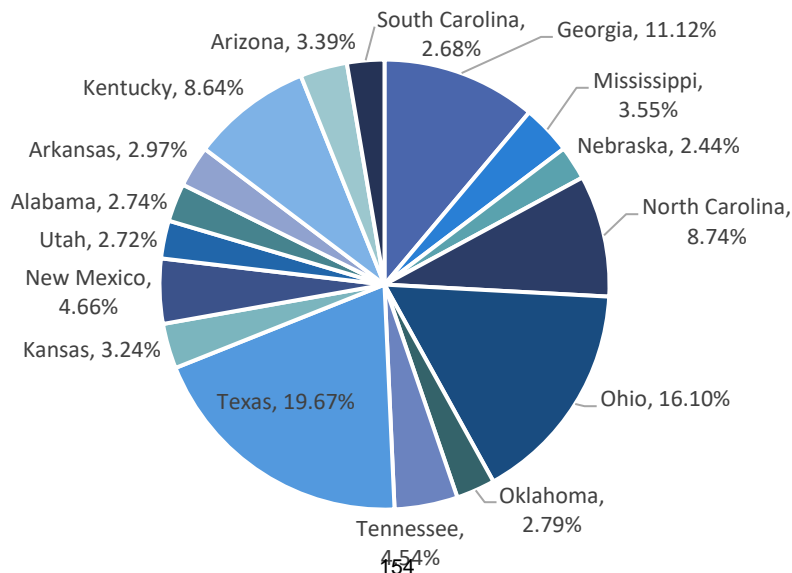
Exposure — CRL

CRL Overview

State	Buildings	Vehicles	Mobile Equipment	Other	Total	% of Total
Georgia	\$8,743,405,654	\$407,138,951	\$497,788,322	\$576,309,440	\$10,224,642,367	11.12%
Mississippi	\$2,546,491,812	\$397,736,463	\$277,658,721	\$44,875,082	\$3,266,762,078	3.55%
Nebraska	\$1,740,597,776	\$112,233,000	\$350,507,506	\$35,615,896	\$2,238,954,178	2.44%
North Carolina	\$7,678,721,766	\$260,547,169	\$96,022,048	\$5,201,970	\$8,040,492,953	8.74%
Ohio	\$12,987,830,135	\$627,901,022	\$366,064,425	\$824,921,515	\$14,806,717,097	16.10%
Oklahoma	\$1,702,416,188	\$296,584,985	\$568,540,963	\$0	\$2,567,542,136	2.79%
Tennessee	\$3,460,965,080	\$386,249,538	\$217,987,839	\$106,054,164	\$4,171,256,621	4.54%
Texas	\$17,157,372,135	\$0	\$804,424,710	\$128,261,343	\$18,090,058,188	19.67%
Kansas	\$2,209,306,837	\$325,177,744	\$412,548,256	\$30,418,739	\$2,977,451,576	3.24%
New Mexico	\$3,350,619,000	\$344,507,069	\$74,791,157	\$516,106,018	\$4,286,023,244	4.66%
Utah	\$2,223,284,439	\$160,125,475	\$117,895,841	\$3,245,066	\$2,504,550,821	2.72%
Alabama	\$2,017,615,351	\$244,889,366	\$184,612,608	\$70,155,734	\$2,517,273,059	2.74%
Arkansas	\$2,350,156,951	\$0	\$328,611,554	\$50,022,991	\$2,728,791,496	2.97%
Kentucky	\$7,390,545,513	\$0	\$418,710,764	\$136,227,726	\$7,945,484,003	8.64%
Arizona	\$2,812,064,295	\$139,388,940	\$160,990,793	\$223,537	\$3,112,667,565	3.39%
South Carolina	\$2,160,489,456	\$229,035,707	\$76,880,206	\$0	\$2,466,405,369	2.68%
Total	\$80,531,882,389	\$3,931,515,429	\$4,954,035,713	\$2,527,639,221	\$91,945,072,752	100.00%

5 Largest CRL Locations by Value

Location Name	Address	City	State	Total Value	Occupancy Description
Lubbock County Detention Center	3502 North Holly Street	Lubbock	TX	\$262,352,730	Jail/Corrections
Collin County Courthouse	2100 Bloomdale Rd	McKinney	TX	\$211,070,210	Courthouse
Justice Center	4300 Community Blvd	McKinney	TX	\$210,032,930	Jail/Corrections
BC Metropolitan Detention Center	5800 Sheely Road SW	Albuquerque	NM	\$206,143,000	Jail/Corrections
Corrections Facility	100 Lamar	Forth Worth	TX	\$203,735,880	Jail/Corrections



Exposure – NMAC

Breakdown of CAT Locations

Wind Tier 1 Member:	\$0
Wind Tier 2 Member:	\$0
Wind Tier 3 Member:	\$0
Wind Tier 4 Member:	\$0
Earthquake:	\$0
Total:	\$0

Top 10 Locations by TIV: \$788,786,000

Data Quality Drivers

Data Input	2024	2023	2022	2021
No address	0	0	0	0
No latitude/longitude	2	80	30	28
No year built	0	9	6	6

Breakdown of Asset Flood Zone

Flood Zone	FEMA Description	# of Loc's	Aggregate Value
A	High Hazard	74	\$324M
B / X Shade	Moderate	2	\$6M
C / X	Minimal	584	\$2.669B
D	Undetermined	17	\$20M
Unknown	Not Reported	362	\$331M
Total	-	1,039	\$3.350B

Breakdown of Asset Class

Largest Location (excess of \$200,000,000)	\$206,143,000 (Bernalillo)
Building / Contents	\$3,350,619,000
Vehicles	\$344,507,069
Mobile Equipment	\$74,791,157
Piers	\$0
Bridges	\$414,012,763
Dams	\$90,769,974
Fine Arts	\$10,685,395
Watercraft	\$140,291
Drones	\$470,595
Misc. Property	\$0
Total Values	\$4,286,023,244

Breakdown of Building/Contents Value

Value Range	Locations		Values	
	#	%	Value	%
<\$5M	924	88.9%	\$1.090B	32.53%
\$5M-\$30M	98	9.43%	\$1.189B	35.49%
> \$30M	17	1.64%	\$1.070B	31.94%
Total	1,039	100.0%	\$3.350B	100.0%

CAT Modeling

CAT Modeling

Three key data outputs from CAT Modeling:

Item	Description
250 Year Return Period*	Usual measurement or guide of the amount of capacity available on individual account or minimum attachment point for an insurer.
1,000 Year Return Period*	Measurement utilized by insurers to factor how individual accounts effect the insurer's overall catastrophic portfolio of risk.
Average Annual Loss (AAL)	The cost needed annually to cover capacity for specific perils being modeled. Premium charged is typically a function of AAL.

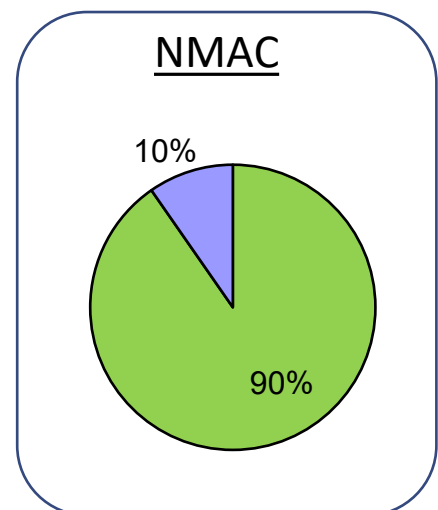
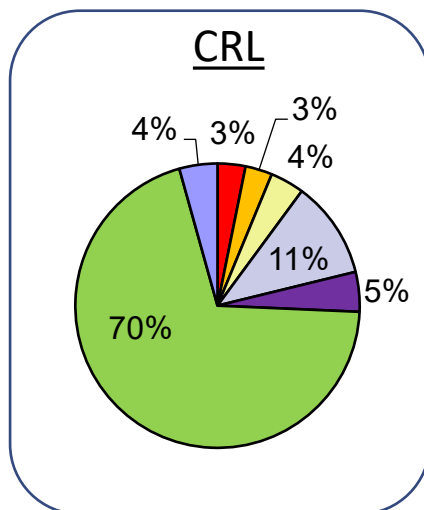
* What does Return Period mean?: in any given year, there is a 1 in 250 or 1,000 chance that you will experience a gross loss that exceeds the specified dollar amount from a single event.

How do we utilize CAT Modeling?

Underwriters utilize CAT Modeling to determine how a specific portfolio of assets impact their overall exposure. They allocate capacity (how much of an account they will write) and how to price it based on CAT Modeling results.

CRL utilizes CAT Modeling for the purpose of establishing limits purchased, allocating premium, and managing overall exposure to the program.

CAT Exposure as a % of TIV



CAT Modeling

CRL Modeling

Return Period	New Madrid		Severe Convective			
	All Earthquake RMS 23.0	Earthquake RMS 23.0	Hurricane RMS 23.0	Storm RMS 23.0	Inland flood AIR 9.0	Wildfire AIR 9.0
AAL	\$4,103,307	\$2,416,155	\$9,894,431	\$16,222,903	\$16,225,694	\$1,150,875
100	\$96,013,387	\$33,092,934	\$129,813,772	\$71,047,764	\$81,734,452	\$18,763,106
250	\$244,463,188	\$213,354,053	\$204,680,345	\$93,792,540	\$106,745,437	\$29,365,181
500	\$371,036,498	\$359,912,778	\$276,575,374	\$113,866,581	\$137,374,311	\$41,972,951
1000	\$488,503,087	\$481,687,097	\$363,080,753	\$136,894,952	\$170,686,756	\$62,517,635

CRL YOY Modeling

Return Period	All Earthquake		YOY Change	New Madrid Earthquake		YOY Change	Hurricane		YOY Change
	2023	2024		2023	2024		2023	2024	
AAL	\$5,699,886	\$4,103,307	-28%	\$2,269,382	\$2,416,155	6%	\$6,783,170	\$9,894,431	46%
100	\$126,596,192	\$96,013,387	-24%	\$30,326,816	\$33,092,934	9%	\$93,038,659	\$129,813,772	40%
250	\$278,942,632	\$244,463,188	-12%	\$196,061,332	\$213,354,053	9%	\$147,829,457	\$204,680,345	38%
500	\$413,233,383	\$371,036,498	-10%	\$337,838,272	\$359,912,778	7%	\$199,971,265	\$276,575,374	38%
1000	\$546,314,696	\$488,503,087	-11%	\$462,647,498	\$481,687,097	4%	\$261,593,107	\$363,080,753	39%

Return Period	Severe Convective Storm		YOY Change	Inland flood		YOY Change	Wildfire		YOY Change
	2023	2024		2023	2024		2023	2024	
AAL	\$20,653,463	\$16,222,903	-21%	\$20,021,396	\$16,225,694	-19%	\$2,214,031	\$1,150,875	-48%
100	\$78,500,524	\$71,047,764	-9%	\$87,233,923	\$81,734,452	-6%	\$30,522,891	\$18,763,106	-39%
250	\$99,962,117	\$93,792,540	-6%	\$113,223,537	\$106,745,437	-6%	\$52,751,533	\$29,365,181	-44%
500	\$118,658,979	\$113,866,581	-4%	\$139,620,682	\$137,374,311	-2%	\$66,111,156	\$41,972,951	-37%
1000	\$139,914,889	\$136,894,952	-2%	\$165,753,046	\$170,686,756	3%	\$132,524,024	\$62,517,635	-53%

CAT Modeling

NMAC Modeling

Return Period	All Earthquake	Hurricane	Severe Convective Storm	Inland flood	Wildfire
	RMS 23.0	RMS 23.0	RMS 23.0	AIR 9.0	AIR 9.0
AAL	\$164,980	-	\$333,445	\$731,503	\$177,707
100	\$1,747,820	-	\$2,631,479	\$12,916,220	\$3,096,661
250	\$8,056,583	-	\$3,739,695	\$18,328,128	\$9,654,600
500	\$18,121,306	-	\$4,797,456	\$20,928,384	\$16,837,020
1000	\$34,188,041	-	\$6,151,676	\$23,314,341	\$22,650,534

NMAC YOY Modeling

Return Period	Earthquake	Earthquake	YOY Change	Severe Convective Storm	Severe Convective Storm	YOY Change
	2023	2024		2023	2024	
AAL	\$175,761	\$164,980	-6%	\$581,058	\$333,445	-43%
100	\$1,705,398	\$1,747,820	2%	\$6,832,620	\$2,631,479	-61%
250	\$8,208,965	\$8,056,583	-2%	\$10,458,925	\$3,739,695	-64%
500	\$19,280,988	\$18,121,306	-6%	\$14,137,199	\$4,797,456	-66%
1000	\$36,760,234	\$34,188,041	-7%	\$18,946,677	\$6,151,676	-68%

Return Period	Inland flood	Inland flood	YOY Change	Wildfire	Wildfire	YOY Change
	2023	2024		2023	2024	
AAL	\$716,907	\$731,503	2%	\$227,518	\$177,707	-22%
100	\$15,609,930	\$12,916,220	-17%	\$2,940,079	\$3,096,661	5%
250	\$22,430,836	\$18,328,128	-18%	\$12,134,451	\$9,654,600	-20%
500	\$25,485,327	\$20,928,384	-18%	\$25,886,132	\$16,837,020	-35%
1000	\$28,334,417	\$23,314,341	-18%	\$44,640,779	\$22,650,534	-49%

Historical Engineering Reports

Member	Location Name	Address	City	Current Total Insured Value	Engineered
BERNALILLO COUNTY	BC METROPOLITAN DETENTION CENTER	5800 SHELLY ROAD SW	ALBUQUERQUE	\$206,143,000	2024
BERNALILLO COUNTY	ALVARADO SQUARE (151)	415 SILVER AVENUE SW	ALBUQUERQUE	\$109,701,000	2022
BERNALILLO COUNTY	SECOND DISTRICT COURTHOUSE	400 LOMAS BOULEVARD NE	ALBUQUERQUE	\$72,264,000	2016
DONA ANA COUNTY	GOVERNMENT CENTER	845 NORTH MOTEL BOULEVARD	LAS CRUCES	\$70,951,000	2019
SANTA FE COUNTY	1ST JUDICIAL DISTRICT COURTHOUSE	225 MONTEZUMA AVENUE	SANTA FE	\$62,316,000	2017
DONA ANA COUNTY	DETENTION CENTER FACILITIES	1850 COPPER LOOP	LAS CRUCES	\$60,220,000	2018
SANTA FE COUNTY	SANTA FE COUNTY JAIL	38 CAMINO JUSTICIA	SANTA FE	\$58,719,000	2019
BERNALILLO COUNTY	ANNEX COUNTY COURTHOUSE	415 TIJERAS AVENUE NW	ALBUQUERQUE	\$55,362,000	2024
OTERO COUNTY	OTERO FEDERAL ICE	25 MCGREGOR RANGE ROAD	CHAPARRAL	\$46,875,000	2019
OTERO COUNTY	OTERO FEDERAL PRISON	10 MCGREGOR RANGE ROAD	CHAPARRAL	\$46,235,000	2019
CHAVES COUNTY	CHAVES COUNTY COURTHOUSE (JUVENILE DETENTION CENTER)	400 NORTH VIRGINIA AVENUE	ROSWELL	\$44,385,000	2024

Team Chart

PROPERTY

Lindsay Shipper

SENIOR PROPERTY BROKER
Atlanta, GA

Annette Stefani

ASSOCIATE PROPERTY BROKER
Charlotte, NC

Greg Mann

SENIOR PROPERTY STRATEGIST
Atlanta, GA

Coby Auslander

PROPERTY REPRESENTATIVE
Washington, DC

RISK CONSULTING

Ken Botes

RISK ADVISOR
Atlanta, GA

Patrice Collingwood

FLOOD PRACTICE LEADER
Kalispell, MT

Rich Wall

CATASTROPHIC RISK ADVISOR
Atlanta, GA

Steve Wallace

CONSULTING DIRECTOR
Atlanta, GA

Important Reminders

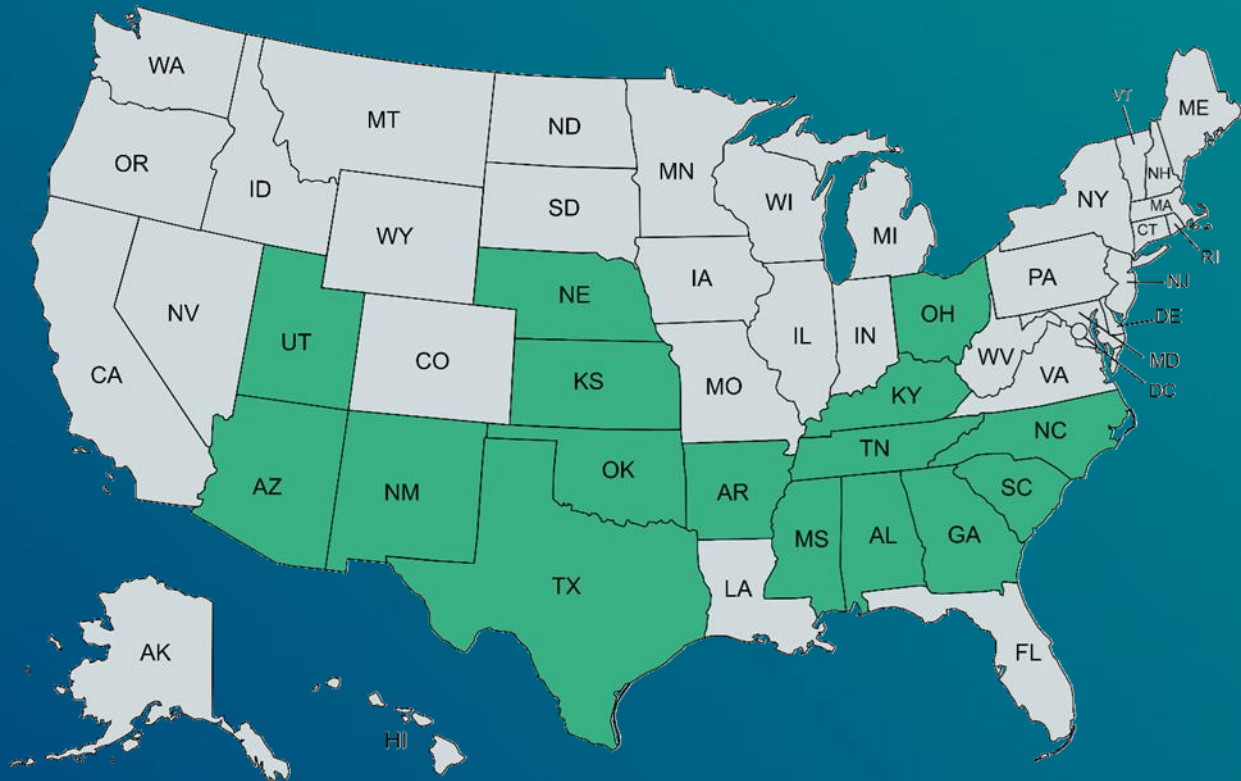
Key Program Vendors

- Assigned Loss Adjuster: Sedgwick
- Appraisal Company: CBIZ, 3 year cycle

In the event of Loss

1. Preserve property and do not destroy or dispose of any property without designated adjuster direct approval.
2. Document the loss with photographs as necessary.
3. Start clean-up and salvage immediately.
4. Separate damaged from undamaged property.
5. Conduct a physical inventory and keep track of any expenses associated with the loss.

NMAC – Property Member Since 2013



This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are intended solely for the entity identified as the recipient herein ("you"). This document contains proprietary, confidential information of Marsh and may not be shared with any third party, including other insurance producers, without Marsh's prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party with regard to the Marsh Analysis or to any services provided by a third party to you or Marsh. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. All decisions regarding the amount, type or terms of coverage shall be your ultimate responsibility. While Marsh may provide advice and recommendations, you must decide on the specific coverage that is appropriate for your particular circumstances and financial position. By accepting this report, you acknowledge and agree to the terms, conditions, and disclaimers set forth above.

Copyright © 2024 Marsh USA Inc. All rights reserved.

**NEW MEXICO COUNTY INSURANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY**

<u>Item Number:</u> 8.	<u>Item Title:</u> Other Business
<u>Presenter (s):</u> Lance Pyle, Chair	

