

# New Mexico County Insurance Authority **NMCIA**

## **2024** ANNUAL REPORT

Delivering superior, comprehensive,  
and sustainable insurance and risk  
management services to  
New Mexico counties





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## **OUR MISSION**

The NMCI 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 and employees safe.

# MESSAGE FROM THE RISK MANAGEMENT DIRECTOR



Dear NMCIA Members,

NMCIA was established in the mid-1980s when private carriers abandoned local government and counties had no way to obtain workers compensation coverage. The multiline program was added in 1989 and in 1995 when state risk management withdrew coverage for sheriffs and detention facilities, the Pool stepped up to offer law enforcement coverage for New Mexico Counties in just 60 days.

Self insurance pools, unlike commercial insurance, exist to provide coverage to their members over the long term through bad times as well as good. We are currently experiencing *tough times* for civil rights and law enforcement liability. Pool costs for these exposures have skyrocketed due to several multi-million-dollar sheriff and detention claims. This year total reserves for Pool law enforcement claims more than doubled and our law enforcement reinsurance contribution increased by 80%.

Some of the increased cost is due directly to the growth of exposures. In 2024 there are 10,717 county employees covered by the Pool. Insured county property values now exceed \$4.3 billion. Although our property program is strong, as a member of the national County Reinsurance Limited pool, our property reinsurance rates are affected by catastrophic hurricanes, floods, hail, and wildfires.

**On a very positive note, our workers compensation program remains strong with rates continuing to be stable through 2024. Pass through coverage rates for crime, cyber, environmental liability, equipment breakdown, flood, and pollution storage tank were also stable in the current renewal.**

NMCIA has weathered challenges before. We have an extraordinary staff of claims adjusters, loss prevention professionals, and legal experts. Your cases are skillfully managed and vigorously defended, often resulting in reasonable resolution or defense verdict. The Pool's investment in loss prevention programs is paying off. Although the value of law enforcement claims has risen sharply, we are seeing a steady decrease in the number of law enforcement claims being filed.

In recent years the NMCIA board of directors has taken bold steps to ensure the Pool's financial viability over the long term by forming a captive reinsurance company domiciled in the state of Utah, commissioning a capital adequacy study, adopting a capital adequacy policy, and most recently hiring an investment consultant to review investment policies and practices and assist us in maximizing investment income for the benefit of our county members. The board's leadership together with our strong team of dedicated professionals and excellent county staff and officials are well positioned to be the viable resource for our counties we have always been.

A handwritten signature in blue ink, appearing to read "Grace Philips", with a stylized flourish at the end.

**Grace Philips**

RISK MANAGEMENT DIRECTOR

# 2024 BOARD OF DIRECTORS

Lance Pyle  
CHAIR

Gregory S. Shaffer  
VICE CHAIR

Michael Meek  
NMC REPRESENTATIVE

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



# 2025 MEETINGS

JAN. 23 @ 2 PM  
NMC Santa Fe Office

MAR. 26 @ 8:30 AM  
NMC Santa Fe Office

MAY 21 @ 8:30 AM  
NMC Santa Fe Office

JUNE 16 @ 1:00 PM  
Curry County  
Administration  
Complex

AUG 20 @ 8:30 AM  
Grant County  
Administration  
Center

OCT 22 @ 8:30 AM  
Location TBD

**1970s**  
Hard insurance market  
causes numerous U.S.  
public entities to form  
self-insurance risk pools

**1989**  
22 counties form the  
Multi-Line Pool

**1997**  
NMCIA is a founding  
member of County  
Reinsurance Limited (CRL)

## 1970s

## 1980s

## 1990s

**July 1, 1987**  
22 New Mexico Counties pool  
monies to self insure against  
workers' compensation risks

**1995**  
NMCIA forms the Law Enforcement  
Pool when State Risk non-renews  
all counties

# STAFF

**Joy Esparsen**  
EXECUTIVE DIRECTOR

**Grace Philips**  
RISK MANAGEMENT DIRECTOR

**Mark Allen**  
GENERAL COUNSEL

**Richard Garcia**  
FINANCE DIRECTOR

**Brandon Huss**  
LEGAL BUREAU DIRECTOR

**Lori Urban**  
ASSISTANT RISK MANAGEMENT  
DIRECTOR

**Cynthia Stephenson**  
RISK MANAGEMENT SPECIALIST

**Patricia Lovato**  
RM DATA ANALYST

**Greg Rees**  
LOSS PREVENTION MANAGER

**Robin Martinez**  
MULTI-LINE CLAIMS MANAGER

**Kamie Denton**  
WORKERS' COMPENSATION  
CLAIMS MANAGER

“

As NMCIA's broker for nearly 40 years, I've seen this board of directors consistently innovate to meet new challenges as the market evolves.

From offering cyber liability coverage to members when it was an emerging market, to creating a captive reinsurance company, your NMCIA Board works tirelessly to ensure the Pool provides products and services its members need.

”

**JOHN CHINO**  
**AREA VICE PRESIDENT**  
**GALLAGHER**

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**2007**  
CRL non-renews  
NMCIA for all liability  
reinsurance

**2020**  
NMCIA merges  
WC, ML and LE  
pools

**2021**  
NMCIA forms a captive  
reinsurance company  
(NMCRE) IN THE State of  
Utah

### 2000s

### 2010s

### 2020s

**2013**  
\$22M Dona Ana County jury  
verdict ushers in era of nuclear  
verdicts in New Mexico

**2024**  
NMCRE provides 100%  
of liability reinsurance  
to NMCIA

# 2024 ACHIEVEMENTS



## IMPLEMENTED A PUBLIC SAFETY POLICY MANAGEMENT SYSTEM

### LEXIPOL ROLLED OUT TO SHERIFF OFFICES

Lexipol helps sheriff offices keep up with changing laws and best practices by providing policies and timely updates written by subject matter experts and vetted by attorneys. Lexipol provides comprehensive policies and streamlines policy maintenance, issuance, acknowledgment and training, freeing up law enforcement to focus on serving their communities.

Daily training bulletins help deputies learn to apply policies and improve their ability to make well-reasoned decisions. Policy acknowledgement, training, and updates to policy are electronically tracked and archived for easy retrieval. A web-based platform and mobile app provides deputies with 24/7 access to agency policies.



100%

ENDORSED BY  
ALL SHERIFFS  
IN THE POOL



## CREATED AN IN-HOUSE INVESTIGATOR POSITION

The NMC Litigation Bureau hired a full-time investigator to supplement our use of contracted investigators to streamline and enhance claims investigations and background checks.



## ACQUIRED A RISK MITIGATION TOOL

### BENCHMARK ANALYTICS' iIMPACT®

Benchmark Analytics is a risk management solution tailored to public entity risk pools. NMCIA will be rolling it out to members throughout 2025.

The program will enable NMCIA to evaluate its loss prevention programs and help members identify and create a plan of action to address their most pressing risks with the goal of reducing loss costs to the Pool and its members.



## PROCURED REINSURANCE FOR NMCR<sub>e</sub>

Our captive reinsurance company attained a partner for liability reinsurance by contracting with Hanover Re, one of the world's largest reinsurer, for policy years 2024-2026. This contract serves to protect our capital and helps ensure the future financial strength of both our captive and the NMCIA pool.



## PROVIDED TRAINING TO NEWLY ELECTED OFFICIALS

### BETTER INFORMED PUBLIC OFFICIALS CONFERENCE (BIPO)

New Mexicans elected 76 new county elected officials in November. Fifty-two of them along with county managers and numerous veteran officers attended NMC's biannual BIPO conference where they received training from our staff on a variety of topics including the duties of their elected office, ethics, HR law, law enforcement liability and self-insurance pooling operations.



## FILED A SUPREME COURT AMICUS BRIEF ON RETALIATORY DISCHARGE

On February 26, 2024, NMC filed an extensive *Amicus Brief* in the *Lerma v. State* case pending before the New Mexico Supreme Court to appeal the Court of Appeal's decision which eliminated the requirements established in case law that whistleblowing must benefit the public interest and be outside the whistleblower's normal duties. The NMC brief traced the history of whistleblower laws back to the Roman Empire and demonstrated that the purpose of such laws has always been to benefit the public. NMC argued that implicit in the term "whistleblower" is protecting the public interest and this "public benefit" requirement provided a crucial guardrail.

Oral arguments were held on September 23, 2024 and three of the five justices picked up on the "guardrail argument" raised in NMC's brief. We are awaiting the court's decision.



## HIRED AN INVESTMENT CONSULTANT TO MAXIMIZE EARNINGS

NMCIA and NMCRE retained Strategic Asset Alliance to evaluate our investment managers, make recommendations regarding our investment policies and strategic asset allocations, provide benchmark comparisons, and provide ongoing monitoring and quarterly assessment of our overall portfolio and individual asset class portfolios.

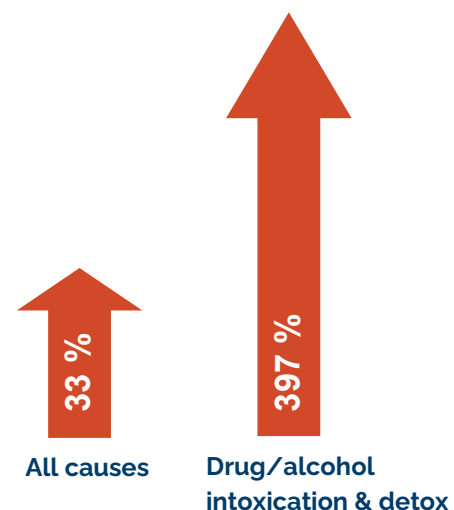


## LAUNCHED PROJECT ECHO FOR DETENTION CENTERS

### SUBSTANCE USE TREATMENT FOR JAIL MEDICAL PROVIDERS

Poorly managed detox is the number one cause of death in detention centers. Project ECHO engages detention health providers on best practices for medication assisted treatment and detox management for those in custody to improve outcomes and comply with newly enacted state regulations.

### NATIONAL INCREASE IN JAIL DEATHS 2000 - 2019



# MEMBER SERVICES:

## TOOLS TO HELP COUNTIES THRIVE

### STATE AND FEDERAL ADVOCACY

NMC provides state and federal legislative advocacy for New Mexico counties.

During the 2024 legislative session, NMC was successful in passing legislation to support our self-insurance objectives such as Return to Work (allowing counties to hire PERA retirees for specific public safety positions vital to support county law enforcement, detention, fire/EMS, 911 call centers, and court security). In addition, NMC successfully secured a 3-year \$25 million appropriation for corrections and law enforcement recruitment and \$25 million in funding for fire and emergency medical services recruitment to address critical vacancies.

### ENHANCED FINANCIAL DATABASE

NMC purchased and implemented a new financial database to increase efficiency in checks and balances.

In addition, the conversion allowed for consolidation of like accounts and retention of all pertinent back-up documents. The reporting structure is also much more robust than the prior system.

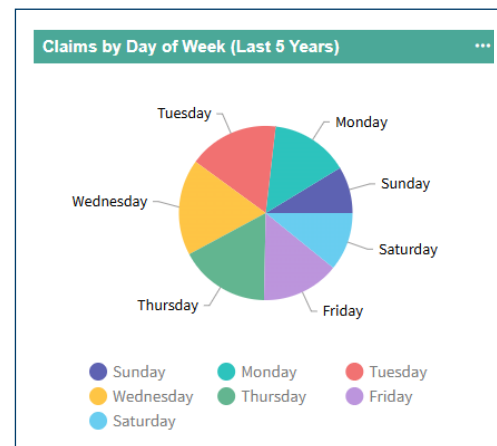
Increasing functionality and efficiency allows us to provide more robust service to our members.



### ONLINE CLAIMS AND DATA MANAGEMENT

#### ORIGAMI RISK MANAGEMENT

- Origami houses member inventory of covered property including vehicles, heavy equipment, drones, and fine art.
- Members review and revise renewal data annually and property inventories throughout the year.
- Members have access to a customized dashboard that allows them to:
  - run claims reports
  - view and download policies and other documents
  - configure dashboard data to view real-time claims data



#### ACCESS TO RUN OSHA REPORTS

The **OSHA Form 300** is essential for classifying and documenting work-related injuries and illnesses, recording the nature and severity of these incidents.

The **OSHA Form 300A** provides an annual summary of all recorded incidents.

If you are interested in obtaining these reports, please reach out to WC Manager Kamie Denton and her team.

## ACCREDITATION PROGRAMS

Accreditation is tied to development of policies and procedures that create efficiency and professionalize operations.

### ADULT DETENTION

**Established:** 2012

**Standards:** 190

**Accredited facilities:** Colfax, Curry, Dona Ana, Roosevelt, Sandoval, San Juan, Santa Fe, and Valencia

8 COUNTIES

### EMERGENCY COMMUNICATIONS

**Established:** 2013

**Standards:** 108

**Accredited 911 facilities:** Lea, Los Alamos, McKinley, and Sandoval

4 COUNTIES

### MISDEMEANOR COMPLIANCE

**Established:** 2012

**Standards:** 190

**Accredited counties:** Curry, Lea, Sandoval, San Juan, Santa Fe, and Valencia

6 COUNTIES

### SHERIFF'S OFFICE

**Established:** 2021

**Standards:** 198

**Accredited counties:** Valencia

1 COUNTY

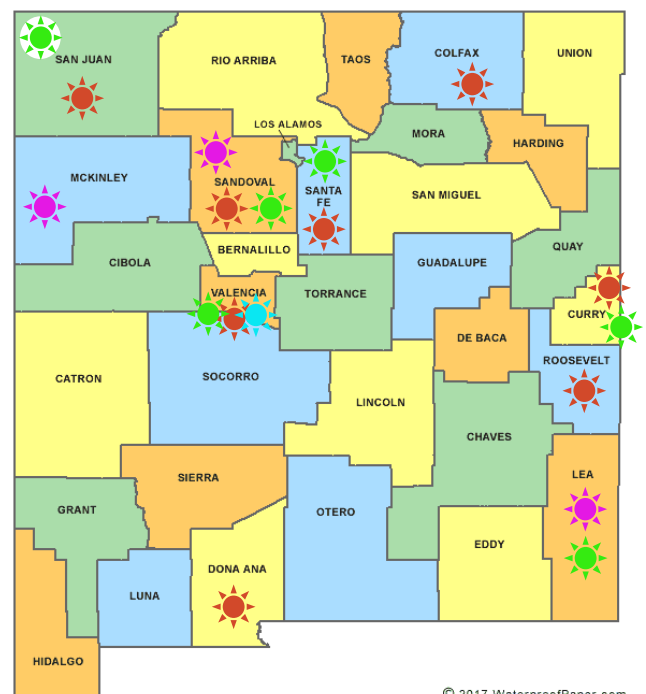
## IN-HOUSE LEGAL CONSULTATION

### A GENERAL COUNSEL WITH A TALENT FOR TRAINING

Our general counsel Mark Allen came to us with decades of experience handling employment matters and representing law enforcement for the City of Santa Fe.

Since joining NMC, he has become a familiar face to the hundreds of county employees that attend his virtual trainings on a range of topics from best practices for employee terminations, to drug testing for safety sensitive employees, and first amendment audits.

Last year, his webinars reached over 1,500 attendees. He is also a ready resource for county sheriffs, managers, HR Directors, and attorneys frequently supporting counties and their counsel as they navigate tricky employment matters or work to address high exposure law enforcement scenarios.



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# SHOUT OUT TO OUR MEMBERS:

GOOD JOB, EVERYONE!



## TOP WIZER CYBER AWARENESS TRAINING USERS

We offer free cyber awareness training to members through Wizer's video-format solution that keeps employees aware of cyber threats.

More than half of cyber incidents can be traced to an employee who makes a basic cybersecurity or privacy mistake—or fails to recognize a threat.

Santa Fe	799 employees trained
Dona Ana	788 employees trained
Eddy	264 employees trained
Valencia	157 employees trained



## SANTA FE COUNTY

### CLERK'S OFFICE WINS NATIONAL ASSOCIATION OF COUNTIES (NACo) INNOVATION AWARDS

The Clerk's office earned several awards in 2024 from NACo that celebrate the office's innovative programs and improvements in accessibility and security.

- Civic Education and Public Information Award: Candidate Training Webinar
- County Resiliency: Infrastructure, Energy, and Sustainability Award: Clerk's Office Online Records Portal
- Information Technology Award: Tabulator Security Program



## STATE AUDITOR'S FINANCIAL ACCOUNTABILITY AWARDEES

2023 awards announced at the 2024 NMC Legislative Conference. The 2024 awardees will be announced at the 2025 conference.

### LARGE COUNTY

Sandoval  
Dona Ana

### CONTINUED EXCELLENCE

San Juan

### MID-SIZE COUNTY

Los Alamos  
Chaves  
McKinley  
Lea  
Eddy  
Curry  
Roosevelt



## BERNALILLO COUNTY

### RECEIVED AN EXEMPLARY FACILITIES AUDIT

**Building:** Metropolitan Detention Center (MDC)

**Square footage:** 585,525

**Value:** \$208,714,000

County Reinsurance (CRL) conducted an in-person audit of MDC and gave high marks on the management and maintenance of this large facility.

### Did you know?

MDC is one of the largest detention centers in the United States and is one of CRL's five largest insured properties.



"This program changed how we manage our policies and procedures. It's been a game-changer for our operations."

**ALLEN MILLS**  
DEPUTY CHIEF, SANDOVAL COUNTY  
SHERIFF'S OFFICE



## SANDOVAL COUNTY

### FIRST SHERIFF OFFICE TO FULLY IMPLEMENT LEXIPOL

Congratulations to Sheriff Casaus and his staff for being the first sheriff's office to implement this vital program to adopt current best practice SOPs and track legislative changes that impact policies and procedures.



## RISK AWARENESS PROGRAM (RAP)

Recognized in June 2024:

Valencia—15 years	Sandoval—9 years
Roosevelt—10 years	Eddy—8 years
San Miguel—10 years	Curry—12 years

Recognized in January 2025:

Grant—6 years	Hidalgo—10 years
Torrance—16 years	Taos—14 years
Sandoval—10 years	Lincoln—16 years



## SAFETY AWARD WINNERS

First awarded in 2014, the NMC Workers' Compensation Safety Awards recognize counties that achieved a positive claim trend and lowered the frequency of workers' compensation claims in their county over the last three years.

Harding	Division I
San Miguel	Division II
McKinley	Division III
Luna	Division IV



## ROOSEVELT COUNTY DETENTION: SAVING LIVES

### MEDICATION ASSISTED TREATMENT (MAT) USED IN THE JAIL

Congratulations to the Roosevelt County Detention Center (RCDC) for implementing and sustaining this vital program in your facility.

#### Mission:

Recognize and reduce the risk of post-release overdose death and recidivism in our community.

#### Goal:

Strengthen communication and collaboration between RCDC personnel and community partners to support individuals throughout their incarceration, from booking to release, to sustain recovery, reduce recidivism, and improve public safety.

#### Deliverables:

- Therapy and discharge services within the facility.
- Re-entry support services to assist individuals with the transition from detention back to the community.
- Improve chances for success.

#### Program Participants:

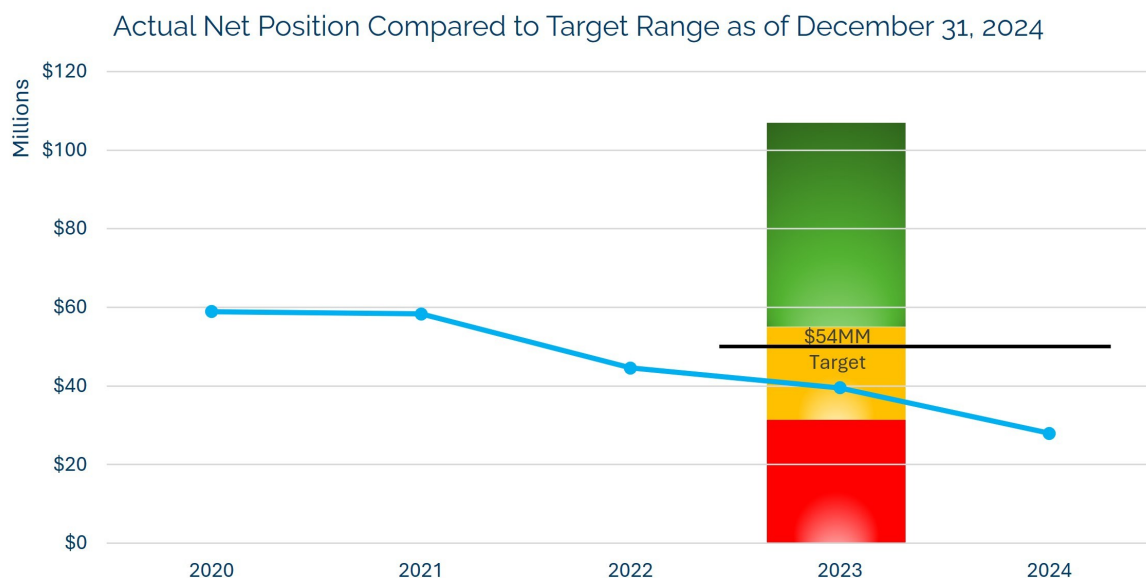
Since September 2021, Roosevelt has treated 74 individual male participants and 51 individual female participants.

# WHAT IS CAPITAL ADEQUACY AND WHY IS IT IMPORTANT TO MEMBERS?

**Capital adequacy** refers to the measure of an insurance pool's ability to meet its long-term obligations and absorb losses. Capital adequacy ensures the Pool has enough financial resources to cover potential claims, administrative costs, and unexpected liabilities. Maintaining adequate capital reserves is essential to Pool members because the Pool is designed to cover the risks of the members collectively. If we don't have adequate capital, we risk becoming insolvent and unable to meet our obligation to pay out claims when required. If the Pool cannot handle major claims or catastrophic events it would create unanticipated financial strain on our members.

Historically it was the Pool's policy to maintain a fund balance equivalent to one year's budget. The long term viability of that strategy was called into question as counties face sharply increasing law enforcement liability and a climate of nuclear jury verdicts. In 2023 the NMCI Board of Directors retained PricewaterhouseCoopers to conduct a capital adequacy analysis. Based upon the results of the study, the board identified a target amount of capital and adopted a [capital adequacy policy](#). The amount needed to achieve capital adequacy will fluctuate depending upon liability claims the Pool is sustaining. The chart below shows our fund balance over time in relation to the target amount that was selected in 2023. Our member counties began investing in the Pool's capital adequacy in 2024.

Our Pool has had to evolve to address larger and more complex claims. With strong capital backing, the Pool is in a better position to adapt and respond to these challenges without putting its members at risk. It is abundantly clear the Pool is the only cost effective risk financing option for local government including counties.



# COUNTY REINSURANCE, LIMITED (CRL):

## A STABLE WORKERS' COMPENSATION CLAIMS ENVIRONMENT AND A VOLATILE PROPERTY MARKET



NMCIA was one of five founding members of CRL, joining the workers' compensation coverage program on July 1, 1997 and the property program in 2013.

In 2024 CRL had \$107 billion in payroll exposure in the workers' compensation program and provided coverage for \$90 billion in total insured values (buildings/contents, vehicles, heavy equipment, fine art, drones and more) for 16 county self-insurance pools.

### WORKERS' COMPENSATION

CRL provides the first layer of reinsurance above our self-insured retention of \$750,000 per claim, with Safety National providing coverage from \$3 million to the statutory limit.

Only one claim has reached the Safety National layer in the five years they have been our reinsurer. Based on our excellent loss experience, rates remained stable in 2024 with both companies.

### NMCIA's CRL EQUITY

As a member of this national reinsurance pool, NMCIA accrues equity from the two coverage programs noted on our statement of financial position. As of December 31, 2024 that equity is:

**\$571,663**

CRL Pool Equity (WC and Property)

**\$3,502,986**

CRL Property Plus Program Equity

NMCIA joined the Property Plus program in 2021, investing an initial \$2 million into the program that in 2024 provided coverage for property claims from \$5 million to \$25 million. This member-funded reinsurance layer provides an alternative to commercial reinsurance for that layer.

### SIGNIFICANT PROPERTY LOSSES OCCURRED IN THE PAST FEW YEARS

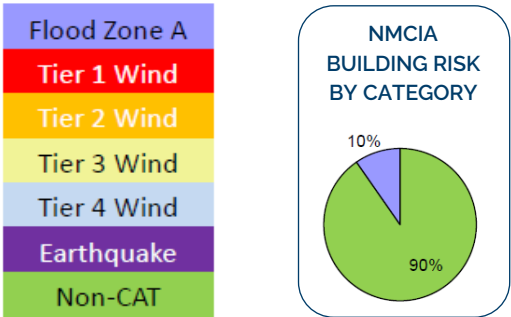
#### MEMBERS PAID SURCHARGES AND CAPITAL ADEQUACY CONTRIBUTIONS IN 2024

As a result of a reduced fund balance due to property losses, CRL is under surveillance by the Vermont insurance regulators and has taken a number of steps to increase its fund balance and enhance operations.

CRL mandated minimum deductibles, increasing deductible amounts annually with all members at \$500,000 beginning in 2026.

### NEW MEXICO PROPERTY RISKS LOW

Our buildings do not reside in any catastrophic regions, but some are located in Flood Zone A. Each building is covered up to 125% of its reported value with \$1+ billion. program limit.



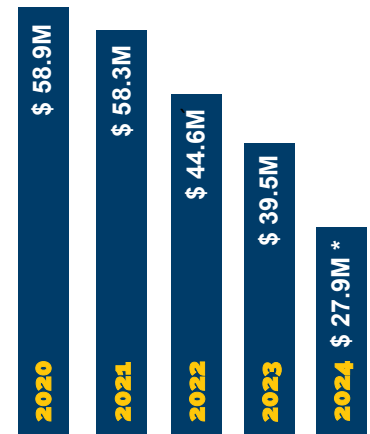
**\$4.3 BILLION OF NMCI PROPERTY COVERED**

# STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS OF DECEMBER 31, 2024

		December 31, 2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$	20,881,070
Accounts Receivable - Members		76,452
Accounts Receivable - Deductibles		665,872
Accounts Receivable - Reinsurance		159,224
Accounts Receivable - Hi Ded Counties		16,091
Accounts Receivable - Other		60,788
Note Receivable		1,214,972
Prepaid Expenses		2,417,227
<b>Total Current Assets</b>		<b>25,491,696</b>
<b>Investments</b>		
Exchange Traded Funds	51,611,038	
US Government Bonds	19,484,471	
Mutual Funds	4,653,406	
Unrealized Gain/Loss	(5,047,029)	70,701,886
County Reinsurance Pool Equity		571,663
County Reinsurance Property Plus Equity		3,502,986
Captive Reinsurance		18,503,218
<b>Total Investments</b>		<b>93,279,753</b>
<b>Total Assets</b>	<b>\$</b>	<b>118,771,449</b>
<b>Liabilities and Pool Net Position</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$	64,388
Unearned Capital Adequacy Contributions		832,191
Unearned Member Contributions		4,755,290
<b>Total Current Liabilities</b>		<b>5,651,870</b>
<b>Long Term Liabilities</b>		
Reserve for Future Claims		
Multi-Line Program		12,943,842
Law Enforcement Program		52,551,873
Workers' Compensation Program		19,651,304
<b>Total Long Term Liabilities</b>	<b>\$</b>	<b>85,147,018</b>
<b>Total Liabilities</b>	<b>\$</b>	<b>90,798,888</b>
Fund Balance		36,916,722
Current Year Pool Net Position		(8,944,161)
<b>Total Pool Net Position</b>	<b>\$</b>	<b>27,972,561</b>
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b>118,771,449</b>

## TOTAL NET POSITION HISTORICAL VIEW



\*Unaudited as of 12/31/24



**\$80 M**  
**LAW ENFORCEMENT CLAIMS PAID 2020 – 2024**

**\$29 M**  
**PAID IN 2024**

# INVESTMENTS

AS OF DECEMBER 31, 2024

<b>Cash</b>		<b>Current Average</b>			
Banks, Money Market Accts & State Treas LGIP		<b>Yield</b>		<b>Amount</b>	<b>Interest</b>
		<b>0.79%</b>		<b>\$ 20,957,522</b>	<b>\$ 165,990</b>
<b>Securities</b>	<b>Est. Ann. Yld</b>	<b>Ending Market Val</b>		<b>Cost</b>	<b>Market Gain/Loss*</b>
Exchange Traded Funds	4.17%	47,102,280		51,611,038	(4,508,758)
Certificates of Deposit	0.00%				
Government Bonds	3.29%	18,745,339		18,729,914	15,425
Govt Asset Backed Sec	5.14%	284,733		754,558	(469,825)
Mutual Funds	5.75%	4,569,534		4,653,406	(83,872)
<b>Total Investments</b>		<b>4.25%</b>	<b>\$ 70,701,885</b>	<b>\$ 75,748,915</b>	<b>\$ (5,047,030)</b>
<b>Total Cash &amp; Investments</b>		<b>3.45%</b>	<b>\$ 91,659,407</b>	<b>\$ 93,706,438</b>	
<b>Estimated Annual Income on Cash &amp; Investments</b>			<b>\$ 3,179,433</b>		
<b>By Institution</b>					
Wells Fargo/Salmon Hauger Wealth Mgmt.		85%		\$ 82,488,405	
Moreton Capital Markets		13%		12,543,057	
First National Santa Fe		2%		1,671,738	
State Treasurers LGIP		0%		3,237	
		<b>100%</b>		<b>\$ 96,706,438</b>	

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

Capital adequacy will enable NMCI to ease the pressure on member funding through investment income.

# NEW MEXICO COUNTY REINSURANCE, INC. (NMCR<sub>e</sub>)

AS OF SEPTEMBER 30, 2024

Total Assets	\$27,422,193
Total Liabilities	\$8,918,975
Total Shareholder Equity	\$18,503,218
Total Liabilities and Shareholder Equity	\$27,422,193
Total Investments: Market Value	\$23,012,791

## 2024 BOARD OF DIRECTORS

Ron Lethgo  
PRESIDENT

Shirley Ragin  
TREASURER

Gregory S. Shaffer  
SECRETARY

Amber Hamilton  
BOARD MEMBER

Johnnie Miller  
BOARD MEMBER

SINCE  
INCEPTION

71  
CLAIMS REPORTED

1  
CLAIM TO BE  
PAID



### FORMED in 2021

NMCIA formed a captive reinsurance company, domiciled in Utah, in order to provide reinsurance not otherwise available and also to make NMCIA more marketable to reinsurers.



### 2022

Provided 10% quota share of Law Enforcement reinsurance.



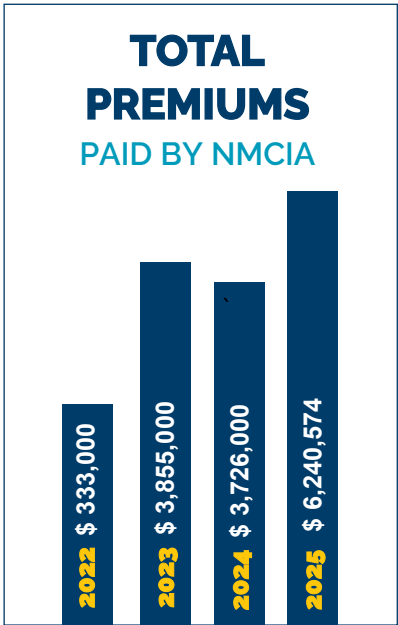
### 2023

Provided 100% of Law Enforcement reinsurance when quote from the current reinsurer was exorbitant..



### 2024

Continued providing Law Enforcement reinsurance and began providing 100% Multi-Line reinsurance.



# LEGAL BUREAU

The Legal Bureau at New Mexico Counties plays a critical role in defending counties against a wide variety of legal challenges. Over the past year, our team has continued to provide exceptional legal defense, particularly in areas related to tort law, civil rights, and claims arising from law enforcement and detention facilities. Our work spans across state and federal courts, from New Mexico district courts to the U.S. Supreme Court, and our efforts consistently save counties millions of dollars in potential liabilities.

## MISSION AND SCOPE OF WORK

The primary mission of the Legal Bureau is to defend counties from lawsuits, including those related to wrongful death, use of force, and other civil rights cases, particularly in the state's jails and sheriff's departments. However, our scope extends beyond these high-profile issues. We handle a diverse range of cases, including those related to flooding claims, copyright issues, Covid vaccination programs, and short-term rental ordinances.

In the past year alone, we managed approximately 150 tort and civil rights cases, maintaining an active caseload of around 100 cases at any given time. Notably, we achieved full dismissals in several complex cases, including a flooding class action lawsuit and numerous federal civil rights claims. Our team is committed to resolving cases efficiently, often working to convince plaintiffs' counsel to dismiss cases without litigation when we can walk them through the absence of liability.

## STAFF

**Brandon Huss**

LEGAL BUREAU DIRECTOR

**David Roman**

SR. LITIGATION ATTORNEY

**Bree Barnett**

LITIGATION ATTORNEY

**Amber Kuzior**

PARALEGAL

**Eric Kuebler**

INVESTIGATOR

## LEGAL STRATEGIES AND IMPACT

Our department's legal strategies are built around using technical motions, fostering strong relationships with our clients, and working quickly to resolve cases in ways that benefit the counties. These strategies have allowed us to save New Mexico counties millions of dollars annually, a testament to the effectiveness of our approach.

In cases involving high risks, such as wrongful death or civil rights claims, we move swiftly to identify technical motions that can help dismiss claims early. We also work closely with opposing counsel to negotiate settlements and dismissals when appropriate, ensuring that counties are not burdened by prolonged litigation and unnecessary expense.

The Legal Bureau continues to provide unparalleled legal defense, protecting the state's counties from costly legal challenges and ensuring the efficient handling of claims. With a team of dedicated professionals, strong relationships with county officials, and a proven track record of success, we look forward to continuing our work in the coming year.

## TRAINING AND PROFESSIONAL DEVELOPMENT

As part of our commitment to keeping county officials informed and prepared, our team helps conduct training sessions at the legislative and annual conferences. These sessions focus on legal issues with high litigation potential, helping counties stay proactive in mitigating risks.

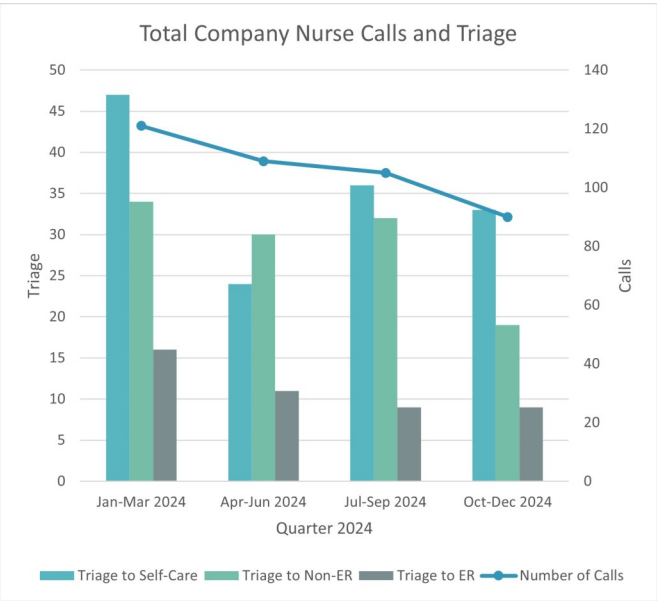
# WORKERS' COMPENSATION:

## A STABLE ENVIRONMENT

### OUR COST-SAVING PROGRAMS

#### COMPANY NURSE

Workers call this 24/7 nurse triage hotline at the time of injury to assess their medical needs and refer them to the most appropriate care. This takes medical decisions out of the hands of employees and supervisors. It is a personalized service that reduces costs on many claims.



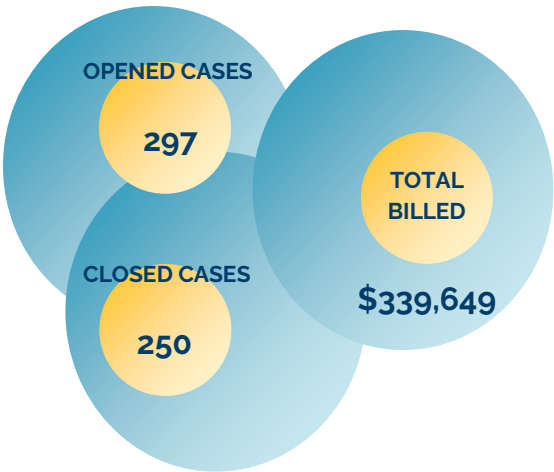
#### PHARMACY PROGRAM

Alius Health's service reduces our medication costs on claims and they make it easier for your injured workers to receive their prescriptions.

PHARMACY BENEFIT MANAGEMENT			
RETAIL CHARGE	TOTAL BILLED	FEES	NET SAVINGS
\$173,881	\$67,785	\$27,920	\$78,176
FILLED PRESCRIPTIONS	GENERIC	BRAND	
818	758	60	

#### IN-HOUSE NURSE CASE MANAGEMENT

We brought nurse case management in house in 2018 to reduce costs and better manage injured workers claims. Adjusters assign claims to our case manager to assist workers in dealing with their medical appointments and their return to work, significantly reducing costs and allowing better management of the injured worker's claim.



#### MEDICAL BILL REVIEW

ComplQ Solutions' medical bill review software simplifies our medical bill review process by adjusting bills to reflect established fee schedules, providing us with significant cost savings, as

MEDICAL BILL REVIEW			
NUMBER OF BILLS	BILLED AMOUNT	FEES	NET SAVINGS
8,440	\$9,397,164	\$164,553	\$6,229,118

2024 CLAIMS MANAGEMENT

We provide coverage for 31 of New Mexico's 33 counties, representing 9,234 employees. We received a total of 865 claims; of those 106 were lost time, 8 permanent partial disability, and 750 were medical only, Our total incurred for these claims is \$7,978,474.

9,234	886	9.6%
EMPLOYEES	CLAIMS	INJURED

NEW ADJUSTER

Welcome to the team, Nicole!



STAFF

- Kamie Denton

CLAIMS MANAGER
- Jamie Dalton

SR. CLAIMS SPECIALIST
- Jessica Atkins

CLAIMS SPECIALIST
- Nicole Frye

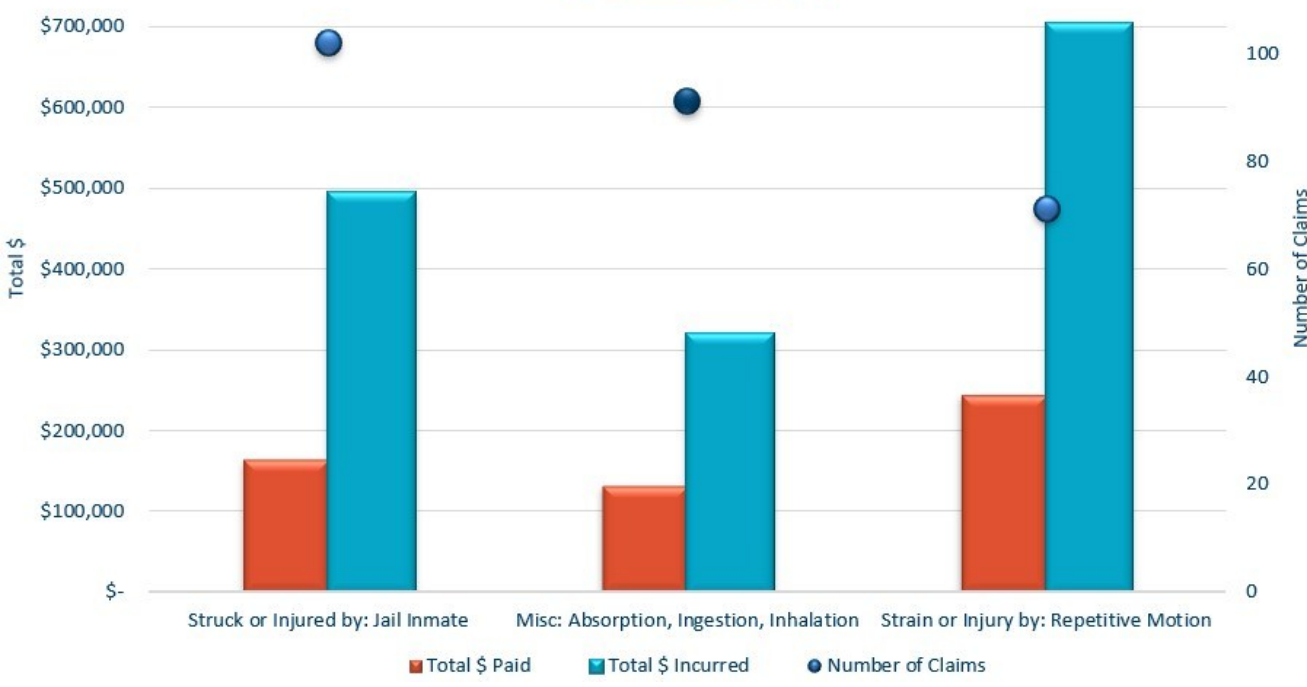
LOST TIME ADJUSTER I
- Annemarie Hill

MEDICAL ONLY ADJUSTER
- Ellen Chavez

NURSE CASE MANAGER
- Kristen Brown

ADMINISTRATIVE ASSISTANT

Top 3 Causes of Injury



# MULTI-LINE AND LAW ENFORCEMENT

The ML Department handles property, auto, and liability claims on behalf of 29 of the 33 New Mexico counties. Liability claims include auto, general, employment, and law enforcement liability. Law enforcement liability includes claims which allege negligence and/or civil rights violations against county employees within sheriff's departments and detention centers.

## CLAIMS VOLUME AND SEVERITY

In 2024, the ML Department handled 1,196 Multi-Line claims with a total incurred of \$12,095,601 and 307 Law Enforcement claims with a total incurred of \$12,142,062.

Each claims examiner handles an average of 130 claims annually. Many times throughout this past year some claims examiners handled up to 200 claims.

## AUTO AND PROPERTY

We have seen a trend in the increase of auto and property claims over the last 10 years.

The average number of auto claims from 2014 to 2018 was 187 compared to 300 from 2019 through 2024.

The average number of property claims from 2014 to 2018 was 51 compared to 107 from 2019 through 2024.

## LARGE PROPERTY LOSSES LOWER THAN OTHER REGIONS NATIONALLY

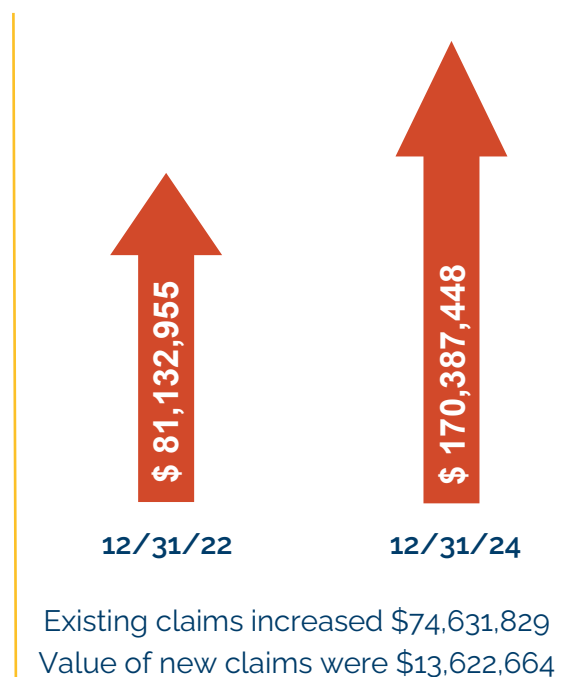
New Mexico does not encounter the large property losses from tornadoes or hurricanes, as some of our neighboring states; however, counties have suffered losses from torrential rainstorms, hail, wind, snow, as well as forest fires. The following counties, Bernalillo, Cibola, Curry, De Baca, Otero, Quay, Roosevelt, and San Miguel, incurred a total of \$3,584,504 for weather-related events in 2024.

## LAW ENFORCEMENT CLAIMS

A continuing trend is the increase of law enforcement liability claims which allege failure to provide adequate medical and/or mental healthcare, excessive use of force, and failure to protect.

The New Mexico Civil Rights Act (NMCRA) became effective on July 1, 2022 and since that date, there has been an increase of claims alleging violations of NMCRA and a decrease in claims alleging federal civil rights violations.

## DETENTION INCURRED



## BI-ANNUAL INDEPENDENT CLAIMS AUDIT

WE RECEIVED AN OUTSTANDING SCORE OF 96.3%

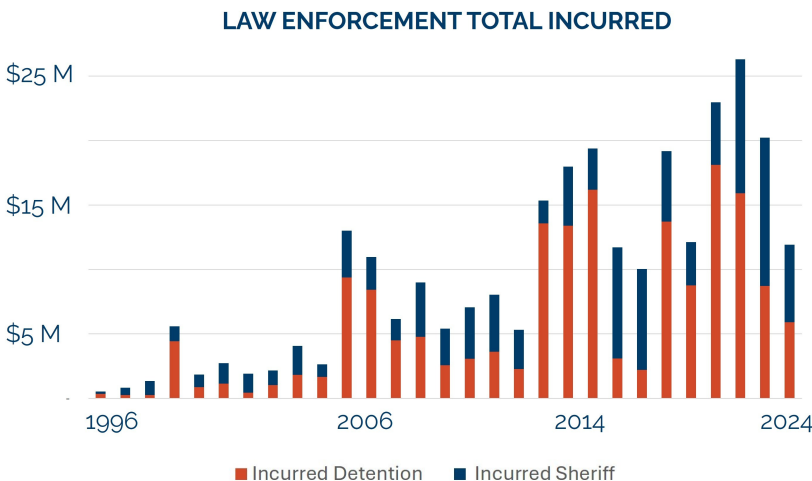
We hire an independent auditor every other year to review and evaluate the claims handling for best practices by Multi-Line Department staff. Independent auditors with Praxis Claims Consulting performed an audit in September 2023, giving an overall score of 96.3%.



## BI-ANNUAL PROPERTY CLAIMS AUDIT

WE RECEIVED AN OUTSTANDING SCORE OF 93.2%

CRL, NMCIA's excess property carrier, contracts with an independent firm every other year to audit property claims handled by the ML Department. The ML Department achieved an audit score of 93.2% on the May 2024 independent property claim audit.



### NEW ADJUSTER

Welcome to the team, Valerie!

580  
Liability Claims  
\$4.3 M

307  
LE Claims  
\$12.1 M

418  
Auto Claims  
\$2.2 M

198  
Property Claims  
\$5.6 M

## STAFF

Robin Martinez  
CLAIMS MANAGER

Jennifer Ortiz  
CLAIMS SUPERVISOR

Velma Herrera  
SR. CLAIMS EXAMINER

John Grant  
SR. CLAIMS EXAMINER

Randy Chavez  
CLAIMS EXAMINER

Kayla Montoya  
CLAIMS EXAMINER

Rosa Quintana  
CLAIMS EXAMINER

Tara Veretto  
CLAIMS EXAMINER

Valerie Dixon Paulk  
CLAIMS EXAMINER

Becky Young  
CLAIMS ADMIN. ASST.

CLAIMS  
GREATER  
THAN \$2M  
LAST 10 YEARS

19

LAW  
ENFORCEMENT

1

PROPERTY

# THE RISE OF NUCLEAR VERDICTS:

## A NATIONAL TREND IMPACTING NEW MEXICO

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Nuclear verdicts—jury awards exceeding \$10 million—have become a defining feature of the American legal landscape, New Mexico included. Once rare, these large awards have grown in frequency and size over the past decade, fueled by shifting jury attitudes, societal trends, and strategic plaintiff litigation tactics. In New Mexico, counties, municipalities, businesses, and law enforcement agencies are facing unprecedented financial exposure.

### NATIONAL TRENDS: A SURGE IN NUCLEAR VERDICTS

Across the United States, nuclear verdicts have skyrocketed in both number and scale, reshaping the dynamics of civil litigation.

#### Increased Frequency

The number of nuclear verdicts grew significantly between 2013 and 2022. In 2023, there were at least 89 nuclear verdicts nationally, with jury awards totaling more than \$14.5 billion.

#### Rising Awards

The median value of nuclear verdicts across all sectors is now about \$21 million.

#### Drivers of Growth

The rise is attributed to “social inflation,” a term encompassing societal attitudes, juror perceptions of corporate and government accountability, and evolving litigation strategies that amplify emotional appeals. A recent Wall Street Journal article noted that growing public anger against perceived institutional failures and inequality is a key driver, as juries increasingly seek to punish large entities, including governments, through significant monetary awards.

#### High-Profile Cases

In 2023 alone, at least 27 cases resulted in jury awards exceeding \$100 million. These include cases involving catastrophic injuries, civil rights violations, and corporate negligence.

### THEMES EMERGING IN NUCLEAR VERDICTS

#### Government Accountability

A significant portion of nuclear verdicts target public entities, including law enforcement, correctional facilities, and school systems. Jurors often perceive these cases as opportunities to hold governments accountable for systemic issues, particularly in instances involving civil rights violations, abuse, or misconduct.

#### Public Consequences

Nuclear verdicts against government agencies often result in increased tax burdens for residents and cuts to public services. A 2023 analysis highlights that some governments, already stretched thin financially, have been forced to divert funds from essential programs like education, healthcare, and infrastructure to cover these massive settlements, judgments, and increased premium costs.

#### Shifting Juror Attitudes

Jurors are increasingly willing to assign punitive damages based on emotional appeals, especially when cases involve offensive misconduct or negligence. Jurors often focus on perceived harm to the broader community rather than the immediate facts of a case, amplifying the size of awards.

#### Economic Ripple Effects

Insurance premiums or contributions for government and businesses often rise dramatically following nuclear verdicts.

The financial strain can discourage investment in vital public sectors, further exacerbating systemic issues by reducing resources available to confront problematic areas.

## NEW MEXICO'S NUCLEAR VERDICTS

New Mexico is no stranger to the national trend. The state has seen a rise in nuclear verdicts and settlements across various sectors.

### Nuclear Cases in New Mexico

**\$165 M** FedEx Crash Verdict (2020)

**\$20 M** Police Shooting Settlement for Teresa Gomez (2024)

**\$44 M** Civil Rights and Sexual Abuse in Schools Judgment (2024)

**\$485 M** Medical Malpractice Verdict (2023)

**\$405 M** Civil Abuse Case Judgment (2023)

**\$30 M** Restaurant Fall Verdict (2023)

### Impacts on New Mexico's Communities and Public Services

Nuclear verdicts against government entities in New Mexico have far-reaching consequences for taxpayers and public services.

#### Budget Strains

Governments often lack the financial reserves to absorb these large judgments. Funds that could have gone toward schools, roads, or

other constituent services must be allocated to settlements and judgments, reducing the quality and availability of public services.

#### Tax Increases

To cover the costs of nuclear verdicts, local governments may be forced to raise taxes, placing additional financial burdens on residents.

#### Insurance Premium and Contribution Increases

Liability insurance premiums typically rise dramatically following nuclear verdicts. This creates a vicious cycle where defendants face even greater exposure in future cases because they typically are able to obtain less coverage but have greater exposure.

#### Decreased Ability to Take Cases to Trial

The rise in nuclear verdicts, without protective liability caps, reduces the ability for the defendants to take cases to trial because the risk of a resulting nuclear verdict outweighs the benefits of letting a jury hear the case.

#### Erosion of Public Trust

High-profile cases of law enforcement misconduct or institutional failures erode trust in government entities, requiring costly reforms to rebuild confidence and improve community relations.

## CONCLUSION

The rise of nuclear verdicts, both nationally and in New Mexico, is a pressing issue with far-reaching implications for counties. These verdicts reflect a desire for accountability but may result in tax increases, reduced public services, and strained budgets.

# LOSS PREVENTION:

## CELEBRATING COUNTY ACCOMPLISHMENTS

NMCIA anticipates and adapts to changes while being responsive to our members' needs. Our Loss Prevention department is dedicated to helping counties protect their employees, property, and community. Our team of professionals specialize in the highest areas of risk our counties face. Our Loss Prevention team travels throughout the state meeting with member counties to develop and apply superior loss prevention solutions.

### PROVIDED TRAINING TO MITIGATE MEMBER RISKS

#### IN PERSON

14 courses offered to members including:

- Instructor course—Interactions of Persons with Mental Illness
- Crisis Intervention Training (CIT) (40-hour basic course)
- Advanced CIT
- Verbal De-escalation Training (16-hour class)
- Instructor Development—Train the Trainer (40-hour class)
- First Line Supervisor (40-hour class)
- OSHA 30 General Industries
- Road Ready Defensive Driving

**345 completed trainings**

#### ONLINE

**1,833 completed NMCIA webinars**

**11,226 completed LocalGovU courses**

**2,550 completed Wizer cyber awareness trainings**

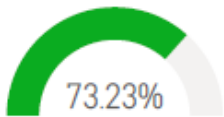
### ELEVEN MEMBERS USING WIZER CYBER AWARENESS TRAINING

**Active Trainings:** 33

**Invited Users (Unique):** 3,482

**Started Training:** 2,598

**Completed Training:** 2,550



Congratulations to the following counties that used Wizer cyber awareness training: in 2024:

Chaves	Roosevelt
Curry	Sandoval
Dona Ana	Santa Fe
Eddy	Union
Los Alamos	Valencia.
Luna	

And: the Eddy County Regional Emergency Dispatch Authority.

### TOP PERFORMING MEMBERS' EMPLOYEE COMPLETION RATE

- 95% Union County
- 90% Regional Emergency Dispatch Authority
- 88% Chaves County
- 80% Eddy County
- 83% Sandoval

## LOCAL GOV U ONLINE TRAINING FOR GOVERNMENT PERSONNEL

Tailored to county and municipal government, LocalGovU provides courses specific to the risks and job functions of local government including law enforcement, corrections, fire service, emergency medical service, and more.

PoliceOne Academy is the leader in law enforcement training and is accredited by the New Mexico Law Enforcement Academy to provide recertification to officers.

LocalGovU offers hundreds of PoliceOne courses and videos on topics such as active shooter, communication skills, officer survival, subject control, and more.

General course areas include:

- 425+ detention operations classes
- 430+ fire and EMS operations classes
- 1,675+ law enforcement classes
- 240+ employee safety and general education classes



## ONSITE ACCREDITATION ASSESSMENTS

Staff completed five onsite accreditation assessments in 2024: The adult detention accreditation requires counties meet 190 standards and the emergency communications accreditation requires compliance with 108 standards.

### Adult Detention

- Chaves, Colfax, Dona Ana, and Sandoval

### Emergency Communications

- Lea County



## STAFF

**Greg Rees**  
MANAGER

**Clay Corn**  
LOSS PREVENTION SPECIALIST

**Angelo Gurule**  
LOSS PREVENTION SPECIALIST

**Jessica Tyler**  
ACCREDITATION PROGRAM MGR.

**Lisa Barela**  
COORDINATOR

**CONGRATULATIONS TO ALL COUNTIES  
FOR PARTICIPATING IN**



**ONLINE AND IN-PERSON TRAININGS!**

# LOSS PREVENTION:

## CELEBRATING COUNTY ACCOMPLISHMENTS

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### LOSS PREVENTION MANAGER GREG REES

#### RECOGNIZED BY POLICE1 AMONG THE INAUGURAL "GOT YOUR SIX"

Greg Rees has been recognized by Police1 among the inaugural "Got Your Six" individuals who have made exceptional contributions to supporting law enforcement across the nation.

The 25 honorees, announced January 9th on National Law Enforcement Appreciation Day, include a diverse group of public figures, philanthropists, business leaders and legislators. From advancing officer wellness to funding critical equipment and advocating for public safety, these individuals have demonstrated unwavering commitment to the men and women who serve in law enforcement.

The phrase "Got Your Six," rooted in military jargon meaning "I've got your back," underscores the mission of this list: to spotlight those who stand behind law enforcement officers and help them succeed in their mission to protect their communities.

Greg was recognized for championing Lexipol policies to New Mexico counties, improving professionalism and efficiency.



### ONSITE SAFETY INSPECTIONS

Staff completed onsite safety inspections in 11 counties in 2024, helping members mitigate risks within their facilities.

We thank you for your continued efforts to provide safe and welcoming facilities for your employees and citizens.

- Bernalillo
- Guadalupe
- Harding
- Mora
- Quay
- Roosevelt
- San Miguel
- Socorro
- Torrance
- Union
- Valencia



### HOW CAN YOU REDUCE YOUR COUNTY'S LAW ENFORCEMENT CONTRIBUTIONS?

1. Get accredited
2. Participate in Loss Prevention initiatives
3. Conduct quality psychological screenings and backgrounds on new officers and deputies
4. Engage with NMC trainings
5. Cooperate with defense counsel



