

The background of the entire page is a photograph of a desert landscape at sunset. The sky is a gradient of orange and yellow, with a few wispy clouds. In the foreground, there are several silhouettes of yucca plants. The central yucca is the largest and has a tall, thin stalk with a cluster of dark, round fruits or flowers at the top. To its left and right are smaller yucca plants. In the far background, there are low, hazy mountains.

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

**New Mexico County
Insurance Authority** **NMCIA**

2025 ANNUAL REPORT



Scan this QR code to download an
electronic copy of this report.

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,

I'm pleased to present the 2025 NMCIA Annual Report. Overall, this was a solid year for the Pool, and I'm grateful for your continued participation and partnership.

The Workers' Compensation program remains strong. Members experienced a flat renewal, with no increase in the coverage rate. The Multi-Line program also performed well, and members received a renewal with no rate increase. For both programs, changes in contributions were driven solely by changes in exposure and loss experience.

The Property program continued to grow. While the overall size of the program will adjust due to Bernalillo County's departure, the total statement of values for all members as of September 2025 exceeded **\$5 billion** in covered personal and real property. This nearly **\$1 billion** increase over last year reflects not only new county properties and facility renovations, but also the continued rise in replacement costs and property valuations.

This year, the Board moved our Property program to a fiscal-year cycle, aligning the member renewal with our reinsurance renewal. This improvement will eliminate the need to estimate reinsurance costs when calculating member contributions and will also prevent inconsistencies between our coverage agreement and the coverage provided by our reinsurer. As part of this transition, members saw a 50% reduction in their property contribution for the current six-month renewal period and will receive a new 12-month renewal at the beginning of the fiscal year this summer.

The Law Enforcement program continues to face challenges due to high-cost claims, particularly arising from sheriff's offices, which experienced a substantial increase over the past several years. While detention-related claims have declined, the overall cost of claims continues to rise. This increase is largely attributable to the New Mexico Civil Rights Act, which allows for higher damages caps and attorney fees in state court. Law Enforcement claims have significantly eroded our net position.

A significant development this year was Bernalillo County's decision to leave the pool's liability program and move toward a largely self-insured model. As the largest county in the state, Bernalillo County's participation was critical to the Pool's early formation and viability. They have been a valued member of NMCIA for many years and continue to participate in our Workers' Compensation program. We wish them well as they move forward with a new risk management approach for Multi-Line and Law Enforcement.

We are only as strong as our members make us. Thank you for your continued trust. We welcome your input and participation as we look ahead to the coming year.

A handwritten signature in blue ink, appearing to read 'Grace Philips', with a stylized flourish extending from the end.

Grace Philips

RISK MANAGEMENT DIRECTOR

2025 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
 - Deborah Weir
 - Michael Meek
 - Gregory S. Shaffer

“

I commend the NMC staff on their hard work and professionalism handling challenging issues throughout 2025.

“

LANCE
PYLE

NMCIA BOARD
CHAIR

“

Their dedication to providing excellent service to NMCIA members is a testament to their commitment to the long-term success of the NMCIA Pool.

”

- POPULATION DIRECTORS
- Brandy Thompson
 - Kate Fletcher
 - Anthony Dimas, Jr.
- EX-OFFICIO DIRECTORS
- Terri Fortner
NMC PRESIDENT
 - Tina Dixon
NMC PRESIDENT ELECT
 - Michael Eshleman
ATTORNEY AFFILIATE REPRESENTATIVE

2026 MEETINGS

- JAN. 19 @ 1 PM
NMC Santa Fe Office
- MAR. 18 @ 8:30 AM
NMC Santa Fe Office
- MAR. 19 @ TBD
Half-day spring board retreat takes place Mar. 19.
- MAY 13 @ 8:30 AM
NMC Santa Fe Office
- JUNE 15 @ 1:00 PM
McKinley County Courthouse
- AUG. 19 @ 8:30 AM
Location TBD
- NOV. 18 @ 8:30 AM
Location TBD
- NOV. 19 @ TBD
Annual board retreat immediately follows and continues on Nov. 19.

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STAFF

Joy Esparsen
EXECUTIVE DIRECTOR

Grace Philips
RISK MANAGEMENT DIRECTOR

Mark Allen
NMC GENERAL COUNSEL

Richard Garcia
FINANCE DIRECTOR

Brandon Huss
LEGAL BUREAU DIRECTOR

Lori Urban
ASSISTANT RISK MANAGEMENT
DIRECTOR

Cynthia Stephenson
RISK MANAGEMENT SPECIALIST

Greg Rees
LOSS PREVENTION MANAGER

Robin Martinez
MULTI-LINE CLAIMS MANAGER

Kamie Denton
WORKERS' COMPENSATION
CLAIMS MANAGER



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

SALMON | HAUGER
Wealth Management Group
of Wells Fargo Advisors



PARTNERS

NMCIA Broker

NMCRé Broker

NMCRé Reinsurer

**NMCIA Workers' Compensation
& Property Reinsurer**

Investment Consultant

Investment Manager

**Risk Management System
ORIGAMI RISK**

**NMCIA Reinsurance Captive
NEW MEXICO COUNTY REINSURANCE**

**NMCIA & NMCRé Actuary
STEVEN GLICKSMAN CONSULTING**

“ Union County has been part of the NMCIA Pool since the Workers' Compensation Pool began in 1987.

Over the years, we have seen how the Pool's decisions and services consistently reflect a strong commitment to its members and this is why we value our membership.

”

BRANDY THOMPSON
UNION COUNTY MANAGER

POOL MEMBERSHIP WORKS BEST WHEN WE ARE ALL IN IT FOR THE LONG TERM:

RECENT BYLAW CHANGES EMPHASIZE THE IMPORTANCE OF STABLE MEMBERSHIP

History has shown that the private insurance market can be volatile and offers no long-term certainty. Rates and coverage options from private carriers when times are good can skyrocket or disappear in a hard market. Governmental pools were created to respond to this uncertainty by providing members with long term stable coverage through good times as well as bad.

New Mexico counties created NMCIA in the mid 80s because they were unable to obtain workers compensation coverage for their employees at any price. More recently, weather-related and wildfire disasters have hardened the property insurance market. Today, commercial law enforcement liability coverage, when it can be obtained, requires at least a \$500,000 deductible which is not realistic for the great majority of our members.

Our Pool was created to be there for our members even when the for-profit insurance industry is not. We are a member-owned and managed joint powers agreement entity with a mission to meet member needs over the long term. Because we are committed to providing our members with coverage when it is too costly or unavailable from the private market, it is essential for members to stay with the Pool when private options are competitive.



**Download the Policy on
Obligations Upon Withdrawal
or Expulsion and NMCIA Bylaws**

Since the Pool's inception, there have been consequences for members who choose to leave the Pool. Members who leave a program forfeit their right to equity in that program but continue to be responsible for their loss experience as that may develop over time as well as a proportionate share of expenses and losses for the entire Pool.

“**Serving on the Board for three years, I have learned how readily private carriers will abandon a market if it isn't profitable.**”

**MICHAEL ESHLEMAN
ATTORNEY AFFILIATE
REPRESENTATIVE**

To reinforce these principles and ensure fairness to all members, the Board recently amended the NMCIA Bylaws to require a 2/3 majority vote of the Board to approve a new or returning member back into the Pool and to explicitly state that new or returning members may be required to make a capital adequacy contribution and reimburse the Authority for costs borne by remaining members during their absence.

These changes were made to clearly communicate the long-term implications of leaving the Pool and to protect [and be fair to] the members who remain committed. Stability is not just a value of NMCIA—it is the foundation that allows us to fulfill our mission and continue serving our members when they need us most.

CHECKING THE COMMERCIAL MARKET:

SANTA FE COUNTY 2026 INSURANCE BID EXPERIENCE

“

Santa Fe County chose to stay with the New Mexico County Insurance Authority (NMCIA) after comparing our NMCIA contributions with bona fide private market alternatives. Our total cost-of-insurance was estimated to be less with NMCIA. In addition, NMCIA offers significant loss prevention programs not available through private carriers, in our experience. For example, NMCIA contracted with Lexipol to create up-to-date, legally compliant policies for the County Sheriffs of all member counties. We also know that NMCIA will be there when the private market is not.

GREGORY S. SHAFFER
SANTA FE COUNTY MANAGER



”

For this renewal cycle, Santa Fe County retained a broker to solicit quotes from private carriers for law enforcement and multi-line liability. The exercise was instructive.

When comparing the commercial options obtained by their broker, Santa Fe County determined that its total cost of insurance with NMCIA would be **less** than the private options it received at the retained risk levels it was willing to accept.

In addition, the County recognized the value of NMCIA's stability, claims expertise, and knowledge of local government operations, and loss prevention programs. Finally, the County knows from its own experience that the private market can be volatile and offers no long-term certainty.

NMCIA's mission is to meet its members' needs in the long run. We are a member-owned and managed joint powers agreement entity, and counties have representation on the NMCIA Board, which governs pool operations.

We evolve to offer our members' options to meet their coverage needs for years to come. For example, this renewal cycle we significantly increased our deductible options to provide members more flexibility to structure their risk management program to suit their financial situation, risk appetite, and investment profile.



NMCIA was a founding member of CRL—a “pool of pools” domiciled in the state of Vermont since 1997. In 2014, NMCIA became an owner in the Property Plus Program. Today, NMCIA obtains property and workers' compensation reinsurance from CRL.

NMCIA's CRL EQUITY

NMCIA accrues equity from the workers' compensation and property coverage programs. It is noted on our statement of financial position.



In November 2025, the CRL board of directors approved a dividend of \$20 million to Property Plus members, **dispensing \$486,335 to NMCIA**. The dividend was based on the July 2023—July 2024 program year performance and followed significant general account premium surcharges and capital contribution assessments.

NMCIA's GRACE PHILIPS ELECTED TO BOARD OF DIRECTORS

NMCIA acquired a direct voice in the operations of one of the nation's largest reinsurers when Risk Management Director ,Grace Philips was elected to the CRL board of directors in September 2025. Former Chaves County Assessor Ron Lethgo served on the CRL board for many years, serving as chair until his retirement in 2020.

FINANCIAL IMPROVEMENT

The CRL Board met on December 18, reporting that general account and Property Plus net positions have greatly improved following prior year surcharges and implementation of funding targets by line of business.

The CRL property program saw the departure of several members, including one of the largest (Texas) in the last year and is seeing **a much improved financial position**. The increase in net positions has also resulted in robust investment income for both programs.



CRL AND THE U.S. PROPERTY MARKET

THE U.S. PROPERTY MARKET

The commercial property insurance market has faced challenges for several years, but began to stabilize in 2025. During a hard market, underwriters implement more rigid underwriting requirements and increased deductibles and premiums. Catastrophic events such as wildfires and hurricanes continue to concern underwriters.

125% CRL MARGIN CLAUSE

All of CRL's recent significant losses involved properties that were undervalued. CRL implemented a margin clause on July 1, 2024 to protect itself and its members from shock losses. The margin clause provides that CRL will pay no more than 125% of a reported value on a full loss claim.

160% INCREASE IN CONSTRUCTION COSTS

NMCIA's appraisal partner CBIZ reported that as of October 2025, year-over-year construction costs have increased 160% in the past five years due to a variety of factors including material price volatility, labor costs, supply chain dynamics, and tariffs. These costs, in part, drive valuations.

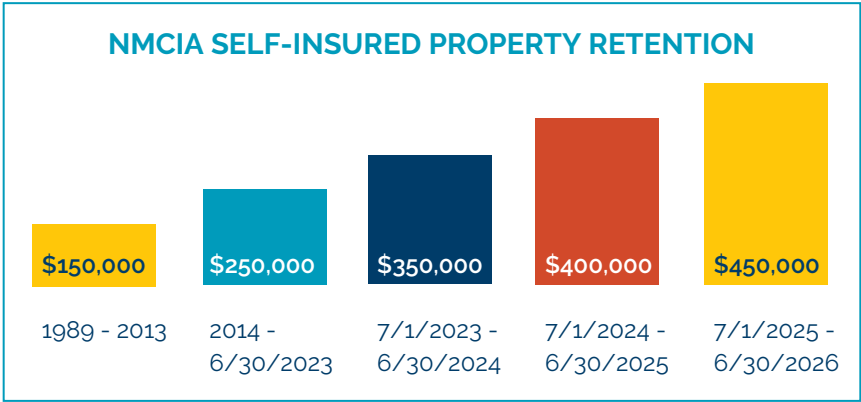
APPRAISED PROPERTY VALUES

NMCIA remains in regular contact with its appraisal partner CBIZ on valuation factors in the market to ensure the latest data is considered when valuing New Mexico properties.

NMCIA members must carefully review their appraised buildings list. Each member's buildings are appraised in person once every four years and their buildings receive a desktop appraisal in intervening years. Please take the time to confirm that the statement of values for your county is correct.

INCREASES TO CRL MINIMUM RETENTION

In 2023, the CRL board of directors voted to enact a minimum property coverage self-insured retention schedule for member pools. This was designed to ensure equity among members and a more predictable recovery schedule. While CRL's per claim retention increased by \$200,000 in a two-year period beginning July 1, 2023, **NMCIA has not increased minimum property deductibles for our members.**



ADDRESSING THE “WANDERING OFFICER” AND OTHER HIGH RISK INDIVIDUALS

Fewer than 3% of the individuals working in law enforcement and detention behave in ways that bring disrepute on their profession, but the improper and sometimes unlawful conduct by this small number of individuals has had a devastating effect on the public's perception of law enforcement and costs government (and their self insurance pools) tens of millions of dollars each year. *The Wandering Officer*, 129 Yale L.J. 1676 (April 2020)

Unfortunately, the staffing shortage in public safety means that sometimes these individuals “wander” among law enforcement agencies to avoid discipline or obtain employment after resigning in lieu of termination. Smaller agencies with fewer resources are more likely to receive applications from wandering officers. *Id.* The New Mexico Law Enforcement Academy is tasked with policing the profession by removing certification from officers who violate the public trust, but it has an incredible backlog of LEAgo reports so we cannot be confident that individuals who should lose their law enforcement certification ever will.

In recognition that concrete steps needed to be taken to protect the pool from such rogue actors, the NMCLA Board approved a new policy that authorizes the Pool Board, upon the recommendation of the Risk Management Director, to cancel or decline liability coverage for individual employees, former employees, or elected officials of NMCLA member counties when such coverage presents an undue risk to the Pool. This new policy, which took effect January 1, 2026 provides the effected individual(s) and county with notice and an opportunity to be heard prior to the board rendering its decision.



Policy on Denial of Coverage to
Named Employees and Elected
Officials

WHEN THE NUMBERS STOP MAKING SENSE

Jury verdicts no longer reflect tangible measures of loss, shared accountability, or historical norms. In medical malpractice, commercial litigation, and civil rights cases, juries routinely award damages that appear disconnected from economic reality. Nuclear verdicts are no longer anomalies. They now define the litigation environment.

Extreme verdicts are “normal” and untethered to economic reference points such as medical expenses, lost wages, or lifetime earnings.

The rise in
“state settlement payouts—
from \$6.3 million during
the 2022 budget year to
nearly \$33.4 million last year—
has prompted some lawmakers
to express concern.”

December 11, 2025
front page article

ALBUQUERQUE
JOURNAL

WHEN THE NUMBERS STOP MAKING SENSE *continued...*

Across venues and claim types, verdicts increasingly reflect moral judgment and a desire to punish. For counties and public risk pools, this shift carries serious consequences.

Verdicts under 42 U.S.C. §1983 are not capped. When these cases reach trial, juries are free to award whatever value they believe justice requires. In New Mexico, jury values are very high.

2023-2025 NEW MEXICO JURIES AWARD 14 VERDICTS OVER \$15 MILLION TOTALING \$992 MILLION

BERNALILLO COUNTY

- **\$16.7M** (medical malpractice)
- **\$23.8M** (medical malpractice)
- **\$40.8M** (hospital negligence)
- **\$52M** (insurance bad faith)
- **\$412M** (medical negligence)

SANTA FE COUNTY

- **\$31M** (Maria's "pothole" case)
- **\$35M** (sexual abuse)
- **\$66M** ("Rust" firearm killing)

A FEDERAL JURY

- **\$27M** (commercial negligence and fraud)

McKINLEY COUNTY

- **\$68M** (hospital negligence)

SAN MIGUEL COUNTY

- **\$220M** (product liability) - Nov. 2025

The same jury pools decide both private and public cases. Uncapped federal civil rights claims expose taxpayers to eight and nine figure risk. State-law claims, while capped, increasingly resolve at the statutory maximum—not because the cap reflects reasonable value, but because all parties understand that uncapped jury verdicts could be far higher.

Where uncapped verdicts routinely reach tens or hundreds of millions of dollars, capped cases inherit those valuation expectations. If the case is

tried, the County can spend hundreds of thousands of dollars in legal fees just to end back at the caps. As a result, plaintiffs are often unwilling to negotiate below the cap. From their perspective, the cap represents a settlement floor. For counties, this dynamic eliminates meaningful bargaining leverage and pushes settlements toward the statutory maximum.

Medical malpractice claims are the canary in the coal mine. The severity of verdicts has altered New Mexico's medical liability landscape and produced a real and worsening shortage of practicing physicians. New Mexico has lost doctors at a pace that far exceeds the nation, exacerbating access problems and threatening the viability of the rural and urban healthcare systems.

Insurers charge substantially more for malpractice coverage in New Mexico than in neighboring states, creating an obstacle to recruiting and retaining physicians. The net result is a healthcare system that costs more and has fewer doctors. This undermines access to care and places additional pressure on counties and public services to fill gaps in health infrastructure.

New Mexico's medical malpractice system provides a clear warning for local governments. Counties face higher defense costs, settlements that cluster at statutory caps, and increased settlement and insurance costs. With NMCI's in-house litigation bureau and team of adjusters with expertise in governmental civil rights liability, we are well positioned to mitigate the worst effects of this toxic climate but ultimately the legislature is going to have to recognize the problem and step in to provide a reasonable solution.

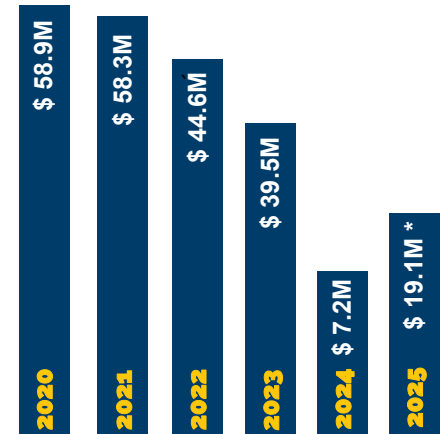
STATEMENT OF FINANCIAL POSITION - UNAUDITED

AS OF NOVEMBER 30, 2025

		November 30, 2025
Assets		
Current Assets		
Cash and Cash Equivalents	\$	8,883,545
Accounts Receivable - Members		-
Accounts Receivable - Deductibles		420,074
Accounts Receivable - Claims		750,000
Accounts Receivable - Capital Adequacy		-
Accounts Receivable - Reinsurance		2,878,618
Accounts Receivable - Hi Ded Counties		111,006
Accounts Receivable - Other		82,249
Note Receivable		1,128,009
Prepaid Expenses		3,712,908
Total Current Assets		17,966,409
Investments		
Exchange Traded Funds	19,066,114	
US Government Bonds	58,391,493	
Mutual Funds	4,582,477	
Unrealized Gain/Loss	1,458,939	83,499,023
County Reinsurance Pool Equity		856,467
County Reinsurance Property Plus Equity		4,971,474
Captive Reinsurance*		-
Total Investments		89,326,964
Total Assets	\$	107,293,373
Liabilities and Pool Net Position		
Current Liabilities		
Accounts Payable	\$	172,413
Unearned Capital Adequacy Contributions		424,191
Unearned Member Contributions		8,133,023
Total Current Liabilities		8,729,628
Long Term Liabilities		
Reserve for Future Claims		
Multi-Line Program		15,000,071
Law Enforcement Program		46,226,606
Workers' Compensation Program		18,192,776
Total Long Term Liabilities	\$	79,419,454
Total Liabilities	\$	88,149,082
Fund Balance		7,217,287
Current Year Pool Net Position		11,927,004
Total Pool Net Position	\$	19,144,291
Total Liabilities and Net Position	\$	107,293,373

*NMCR equity is now listed on the captive's financials.

TOTAL NET POSITION HISTORICAL VIEW



*Unaudited as of 11/30/25

STAFF

Richard Garcia
FINANCE DIRECTOR

Meca Broadway
COMPTROLLER

Eloisa Gonzales
ACCOUNTING SPECIALIST

Caryl Rodriguez
ACCOUNTING SPECIALIST

Marie Rivera
ADMIN. ASSISTANT

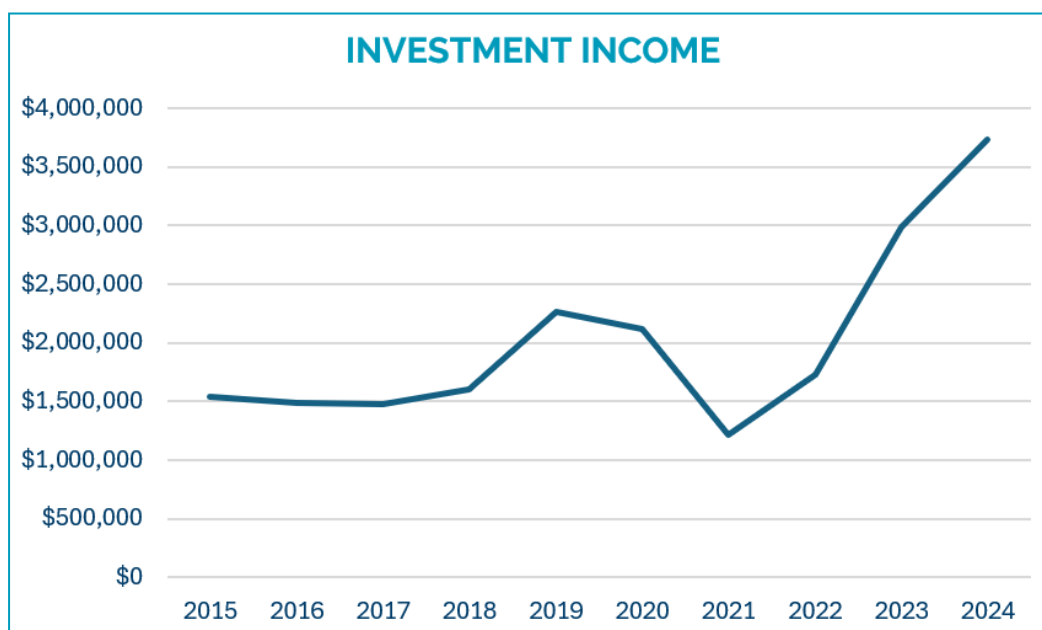
The financials do not include an updated equity report from CRL or the actuarial adjustment as of December 31.

INVESTMENTS

AS OF NOVEMBER 30, 2025

		Current Average		
Cash		Yield	Amount	Interest
Banks, Money Market Accts & State Treas LGIP		2.26%	\$ 8,883,545	\$ 200,600
Securities	Est. Ann. Yld	Ending Market Val	Cost	Market Gain/Loss*
Exchange Traded Funds	4.56%	19,924,208	19,066,114	858,094
Certificates of Deposit	0.00%			
Government Bonds	2.99%	55,804,456	54,803,599	1,000,857
Govt Asset Backed Sec	4.37%	3,173,938	3,587,894	(413,956)
Mutual Funds	5.37%	4,596,422	4,582,477	13,945
Total Investments		3.52%	\$ 83,499,023	\$ 1,458,939
Total Cash & Investments		3.40%	\$ 92,382,568	\$ 90,923,629
Estimated Annual Income on Cash & Investments			\$ 3,140,531	
By Institution				
Wells Fargo/Salmon Hauger Wealth Mgmt.		96%	\$ 87,615,461	
First National Santa Fe		4%	3,304,800	
State Treasurers LGIP		0%	3,368	
		100%	\$ 90,923,629	

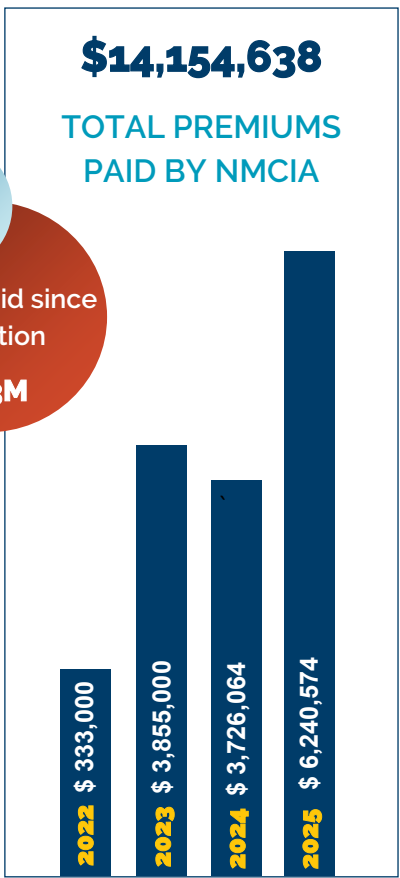
*Investments are purchased based on 'yield to maturity.' Market fluctuations do not affect the yield to maturity unless a premature sale is made.



NEW MEXICO COUNTY REINSURANCE, INC. (NMCR_e)

NMCR_e was formed in 2021 to provide law enforcement liability reinsurance not otherwise available. In 2024, NMCR_e provided 100% of our multi-line reinsurance and last year NMCR_e began providing \$1 million in workers' compensation coverage to NMCI_A at the \$2 million attachment point.

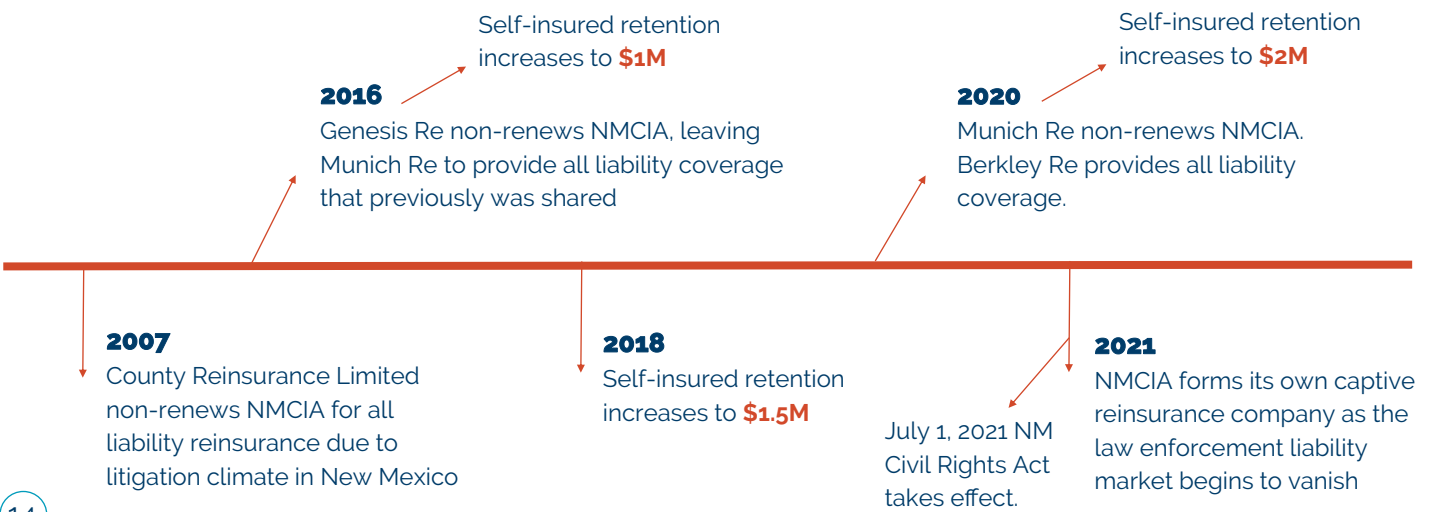
STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30		
	2024	2025
Total Assets	\$27,422,193	\$31,421,236
Total Liabilities	\$8,918,975	\$17,630,853
Total Shareholder Equity	\$18,503,218	\$13,790,383
Total Liabilities and Shareholder Equity	\$27,422,193	\$31,421,236
Total Investments: Market Value	\$23,012,791	\$27,311,482



BOARD OF DIRECTORS

- Ron Lethgo PRESIDENT
- Shirley Ragin TREASURER
- Gregory S. Shaffer SECRETARY
- Amber Hamilton BOARD MEMBER
- Johnnie Miller BOARD MEMBER

In 2025,
NMCR_e secured
Hannover Re
as reinsurance
partner



WHAT IS A CONFIDENCE LEVEL AND WHY DID THE BOARD INCREASE IT?

Confidence level is the probability that the cost of future claims will not exceed the actuary's estimate.

In 2025, the Pool moved from a 55% to a 75% confidence level to increase the likelihood that we are collecting enough to cover claims. This aligns with our long-term financial strategy, risk tolerance, and need to protect the Pool's financial position.

The higher confidence level produces more conservative financial figures in the actuarial report, quantifying the additional cushion needed to ensure solvency under unfavorable conditions.

HOW ARE CONTRIBUTIONS DETERMINED?

Using historical claim data, the actuary estimates the total expected cost of claims in today's dollars. He then converts the total into a rate based on the total number of personnel covered.

Using five years of claim history and personnel counts, the actuary calculates a relative loss rate per person for each member. This calculation is performed separately for each of the past five years.

These results are used to develop an experience modifier, which is a numerical factor that adjusts a member's contribution based on its past claim experience compared to the group. A modifier

below 1.00 reduces contributions, while a modifier above 1.00 increases them.

Finally, the actuary applies the experience modifier to the current year's personnel count, adds all applicable expenses, applies the appropriate deductible adjustment, and arrives at the recommended minimum contribution rate for the selected deductible level.

WHAT HAPPENS IF WE DON'T COLLECT ENOUGH?

The Joint Powers Agreement (JPA) grants the Board the authority to levy contributions upon Members in amounts determined by the Board. If available funds are insufficient, the Bylaws authorize the Board to assess the membership.

Historically, the Pool has exercised this authority only twice. The first assessment occurred when the Pool was brand new and had failed to collect enough contributions to cover the workers' compensation claims it was receiving.

The second assessment we refer to as a capital contribution. The investment in capital adequacy for the Pool was approved by the Board in 2023 following an analysis by PricewaterhouseCoopers which concluded that the Pool required a higher net position in order to ensure capital adequacy over the long term.

2026 LE CONTRIBUTION CALCULATION			
Confidence Level	Percentile	Contribution	Additional Funds Collected
Best Estimate	55 th	\$26,133,354	--
Moderate Confidence Level	75 th	\$29,901,232	\$3,767,878

WORKERS' COMPENSATION:

A STABLE ENVIRONMENT

A COST-EFFECTIVE, WELL RUN PROGRAM

On July 1, 1987, when the commercial market non-renewed public entities nationwide, 22 New Mexico counties pooled monies and formed the Workers' Compensation Fund to self-insure for these risks.

In 2025, 30 counties received coverage for 9,591 employees through the NMCA self-insurance risk pool Workers' Compensation program. Also in 2025, we received **1,048 claims** with a total incurred of more than **\$7,770,663 million**.

2025 MEDICAL TECHNOLOGY EXPLOSION

- The world watched in anticipation as AI innovations began to transform medical diagnosis and treatment, fast-tracked drug discovery, assisted in surgeries, and more.
- Wearables such as brain-computer interfaces give us a peek into future innovations.

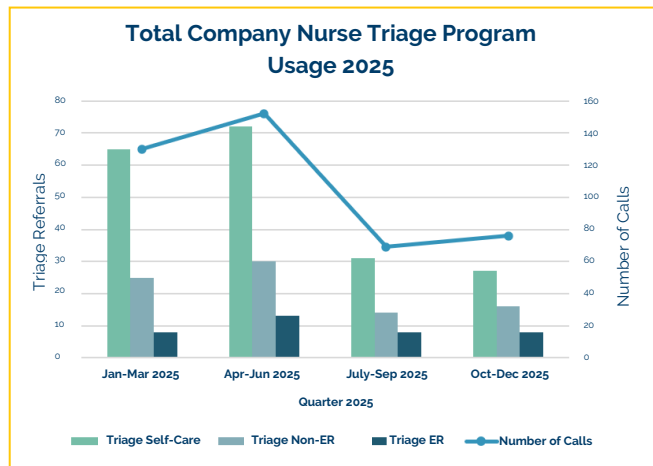
From work to reduce incidents of HIV infection in the 1980s and 1990s to containing the spread of COVID-19 in our members' jails, NMC staff have always dedicated themselves to providing timely and responsive service in response to workplace injuries. It's one reason we introduced the Company Nurse 24/7 nurse hotline in 2011. The program provides immediate medical assistance to injured workers, giving them peace of mind during a difficult period.

Join us as we prepare for steady advances in healthcare and risk mitigation technologies that will benefit your injured workers.

OUR CORE PROGRAMS STREAMLINE INJURY MANAGEMENT WHILE REDUCING COSTS

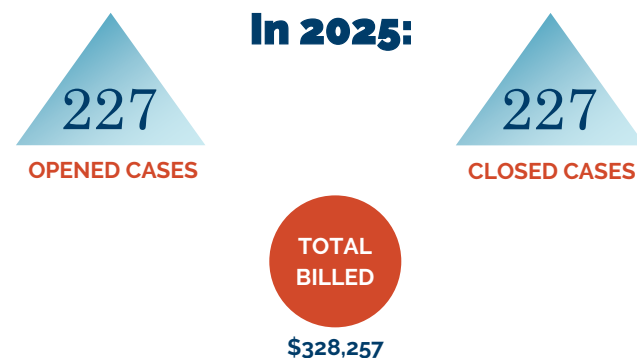
COMPANY NURSE 24/7 INJURY HOTLINE

Since 2011, injured workers have had the opportunity to call a hotline to receive immediate medical triage and treatment referral. In 2025, 12 counties participated in this program, making 427 calls for assistance.



IN-HOUSE NURSE CASE MANAGEMENT

Since 2018, NMC's Ellen Chavez has assisted workers in managing their injuries by scheduling and attending medical appointments and managing their return-to-work plan.



MEDICAL BILL REVIEW

ComplIQ 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 seen below.

MEDICAL BILL REVIEW			
NUMBER OF BILLS	BILLED AMOUNT	FEES	NET SAVINGS
8,947	\$12,820,934	\$168,529	\$9,251,181

72%
COST
SAVINGS

PHARMACY PROGRAM

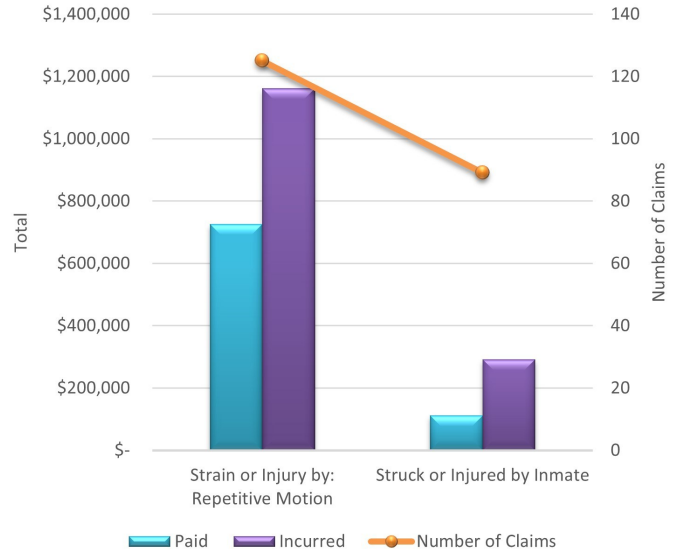
Alius Health's service reduces our medication costs on claims and makes it easier for your injured workers to receive their prescriptions.

PHARMACY BENEFIT MANAGEMENT			
RETAIL CHARGE	TOTAL BILLED	FEES	NET SAVINGS
\$245,961	\$103,283	\$48,050	\$94,628
FILLED PRESCRIPTIONS	GENERIC	BRAND	
1,197	1,095	102	

SUCCESSFUL WCA AUDIT

After an 18-month audit in which the Workers' Compensation Administration was provided access to our entire claims database and received 143 claims, the Administration's auditor identified one claim in which the PPD payment was untimely.

Top 2 Causes of Injury



76

Years of combined claim
adjusting and medical
case management
experience

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

LEGAL BUREAU

In 2025, the Legal Bureau continued to provide high-level legal defense and risk management services for member counties in an increasingly challenging litigation environment. Through early assessment, technical legal work, and deep credibility with the plaintiffs' bar, the Legal Bureau consistently acted to control costs, eliminate uninsured exposure, and avoid inflated settlements.

OVERVIEW

Our work focused on two core objectives:

- 1) resolving claims efficiently and defensibly,
- 2) positioning counties to minimize risk under the New Mexico Civil Rights Act and Tort Claims Act.

SCOPE OF WORK AND CASELOAD

In 2025, the Legal Bureau managed a rolling average caseload of approximately **100 active matters**, reflecting sustained volume and complexity of claims facing member counties.

Over the course of the year, **the Bureau closed 36 cases**, balancing aggressive motion practice with early, strategic resolution where liability was clear and delay would only increase cost and risk.



LITIGATION STRATEGY AND PERFORMANCE HIGHLIGHTS

- **15 cases were dismissed** as a direct result of the Bureau's motions practice, eliminating exposure entirely, and avoiding unnecessary litigation costs.
- **13 cases were settled for under \$100,000**, reflecting early intervention in cases with identified risk before attorney fees, discovery costs, and litigation momentum drove claim values higher.

The remaining matters were resolved in a manner designed to best protect member counties, with an emphasis on eliminating uninsured or excess risk, and bringing certainty to high-exposure claims.

This approach consistently saved counties substantial sums in avoided defense costs and potential exposure, contributing to millions of dollars in risk avoided over time.

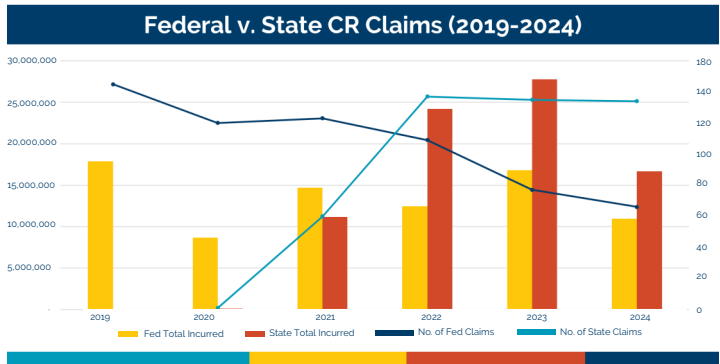
This work occurred against the backdrop of the New Mexico Civil Rights Act, which continues to reshape governmental liability and settlement dynamics statewide. The Bureau's 2025 strategy emphasized early identification of NMCRA-driven risk, disciplined valuation, and preserving leverage by demonstrating a willingness and ability to litigate matters through trial when appropriate.

THE SINGLE BIGGEST WEALTH TRANSFER FROM GOVERNMENT TO PLAINTIFF LAWYERS

The stated purpose of the New Mexico Civil Rights Act (NMCRA) was to make it easier and more profitable to sue government and by that standard it has been a tremendous success. As one seasoned mediator put it, the NMCRA constitutes the single biggest wealth transfer from government to trial attorneys.

SHIFT TO STATE COURTS

The NMCRA, which was enacted in 2021, has had a profound impact on the New Mexico County self-insurance pool. It has largely replaced federal civil rights claims, as lawyers take advantage of the less rigid state pleading requirements. State courts often lack the resources to scrutinize the merits of cases at the motions level and prefer trial on the merits. Attorneys routinely add civil rights claims to what would have previously been negligence claims under the New Mexico Tort Claims Act (NM TCA) to take advantage of the higher caps and attorney fee provisions. This drives up the cost of litigation. Ironically, small cases with clear liability was clear are now harder to settle because the attorney fee provision incentivizes plaintiff's counsel to delay resolution to run up their fees.



“This is going to be a drain on New Mexico if we don't get a handle on it. ...

... its going to eat into education, feeding people, free lunches, free college tuition—everything that we want to set our people up for is going to disappear because of legal claims ...”

**NM SENATOR GEORGE MUNOZ
DISTRICT 4**

DURING NOV. 20, 2025 LEGISLATIVE
COMMITTEE MEETING

INCREASE IN CLAIM VALUE

Because the NMCRA provides for attorney fees and an escalating cap on damages, the principal effect of the NMCRA has been to increase the value of cases. The total incurred for NMCI pool law enforcement claims doubled between 2020 and 2021 (from \$10,049,258 to \$20,765,399) and has remained high; \$26,463,205 in 2022 and \$27,195,836 in 2023. This is the case even though the number of claims has remained fairly steady over the years.

COUNTIES ARE NOT ALONE

The NMCRA hasn't provided any meaningful new protections, but has greatly increased defense costs and settlement values—exactng a devastating effect on our Law Enforcement program's net position. We are not alone. The state is also facing a crisis in the number and magnitude of losses under the NMCRA. The *Santa Fe New Mexican* reported in November that the state paid over \$33 million for civil rights claims in fiscal year 2025 and the state's civil rights insurance premiums will increase on average by 170% in the next fiscal year.

MULTI-LINE AND LAW ENFORCEMENT

PROTECTING OUR MEMBERS

A primary goal of NMCI's claims management approach is to resolve claims in a manner that protects counties from any out-of-coverage exposure while ensuring compliance with the provisions of the Coverage Agreement. Our claims handling approach has demonstrated consistent success in resolving matters efficiently, fairly, and in a cost-effective manner, which has significantly mitigated liability exposure for counties. Through early evaluation, prompt investigation, and proactive communication with counties, claims are addressed before costs escalate or disputes intensify. **Our claims staff has expertise in handling specialized government entity claims.** On-going education and professional development ensure we stay current with legal trends, best practices, and risk management strategies. This improves our effectiveness in resolving claims. Our counties benefit from reduced litigation risk, controlled defense and settlements, and avoid out-of-coverage exposure.

CLAIMS DATA

Counties and claims staff continue to face a wide range of Multi-Line claims. In 2025, the Multi-Line claims staff handled 458 Auto Physical Damage claims (county vehicles), 205 Property claims, 369 Law Enforcement claims, and 592 Multi-Line claims, for a total of 1,624 claims. The average claim count for each Claims Examiner is 130 and there are currently 1,070 open claims.

2025 TOP 5 CLAIM TYPES

TYPE OF CLAIM	CLAIM COUNT
APD 1st Party Physical Damage	444
GL Property Damage Only	147
PR All Risk Other	133
GL Both BI and PD	120
GL Bodily Injury Only	86

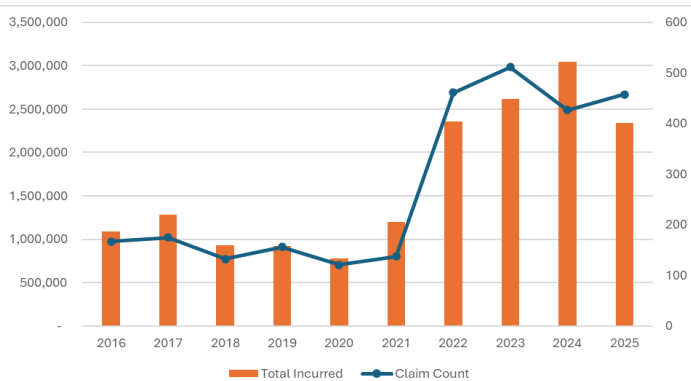
2025 TOP 5 TOTAL INCURRED CLAIMS

TYPE OF CLAIM	TOTAL INCURRED
APD 1st Party Physical Damage	\$2,083,631
LE Vehicle Pursuit	\$2,037,469
LE Inadequate Medical Treatment	\$1,292,879
PR All Risk Building	\$1,254,799
PR All Risk Other	\$738,673

AUTO REPAIR CLAIMS INCREASE

The higher price of new vehicles leads to increased costs for repairing damaged vehicles. From 2016 to 2020, our claims data shows an average claim count of 150 with an average total incurred of \$999,951. Since 2020, we have experienced an increase in the number of claims as well as the cost to repair vehicles. From 2021 to 2025, the number of claims more than doubled to an average of 399 and the total incurred rose to \$2,072,124.

AUTO PHYSICAL DAMAGE CLAIMS



FOCUS ON FEDERAL v. STATE LAW ENFORCEMENT CIVIL RIGHTS CLAIMS

Law Enforcement claims continue to be challenging to defend, in part, due to the enactment of the New Mexico Civil Rights Act (NMCRA) in July of 2021. Since 2022, the number of claims which allege violations of the NMCRA remained steady, averaging 138 claims. However, they have essentially replaced allegations of federal civil rights violations. In 2016, we handled 230 LE claims alleging federal civil rights violations in contrast to 66 such claims in 2024. Although the NMCRA provides for limits on damages, the value of those claims is trending up, as it is more difficult to be successful with dispositive motions practice in state court.

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

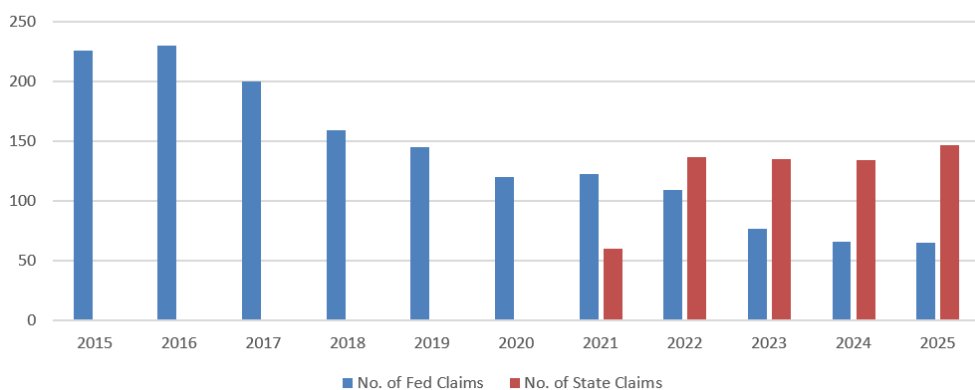
Rosa Quintana
CLAIMS EXAMINER

Tara Veretto
CLAIMS EXAMINER

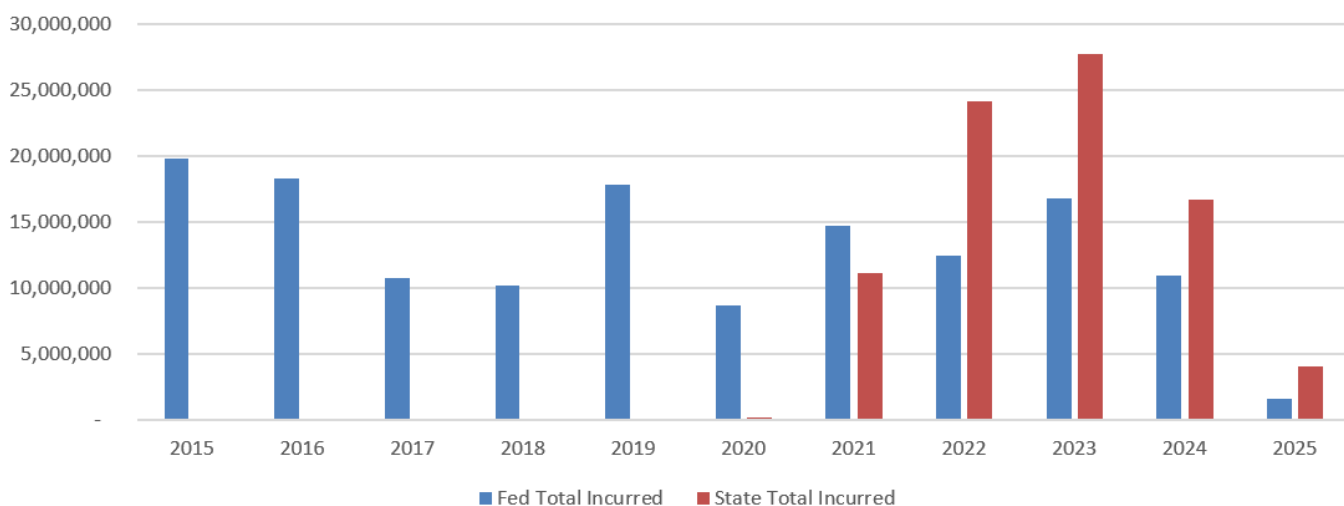
Valerie Rodriguez
CLAIMS EXAMINER

Rebecca Young
ADMINISTRATIVE ASST.

No. of Claims - Allegations of Federal and State CR Claims



Total Incurred - Allegations of Federal and State CR Claims



DETENTION CLAIMS AND MITIGATION:

CLAIMS COSTS DOWN BUT HIGH HISTORICALLY

RISK MITIGATION EFFORTS

ADDRESSING JAIL DEATHS

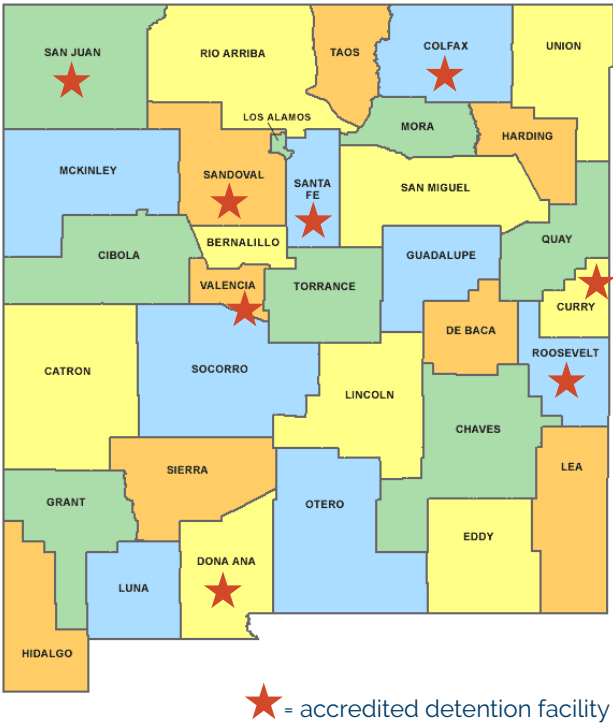
Deaths related to substance withdrawal have become one of the highest liability exposures for our county detention facilities. New Mexico is not unique. According to national data, between 2000 and 2019, the number of jail deaths from all causes increased by 33%. During the same period, the number of jail deaths due to drug/alcohol withdrawal **increased by 397%.**

NMCIA in collaboration with UNMH Project ECHO instituted monthly ECHO sessions for county detention facilities and their medical providers. These sessions provide expert training and consultation to instill best practices for substance use and withdrawal management in jails. They are provided at no cost to our members and their medical providers who can obtain free CME credits for attending.

DETENTION ACCREDITATION

CONGRATULATIONS TO THE 8 ACCREDITED ADULT DETENTION CENTERS

Accreditation requires documenting processes and procedures to streamline operations in an effort to reduce the frequency and severity of claims.



2006
Class action lawsuits claiming illegal detention center strip searches result in limited coverage for this action beginning in 2007.

2012
In conjunction with the NM Municipal League, NMCIA establishes a Sheriff Office Accreditation Program to professionalize operations and mitigate risk.

2005 through 2019		
2010 NMC Adult Detention Accreditation Standards Council formed	2013 Slevin jury returns \$22M verdict against Doña Ana County.	2014 NMCIA offers unlimited complimentary LocalGovU online risk mitigation courses to all members. Courses include many accredited by the NM Law Enforcement Academy.

SHERIFF OFFICE CLAIMS AND MITIGATION:

CLAIMS HAVE INCREASED OVER THE LAST SEVERAL YEARS

CONGRATULATIONS TO 18 SHERIFF OFFICES

Congratulations to the 18 county sheriffs who have completed the policy review and edit stage of Lexipol implementation by adopting best practices and legally sufficient SOPs. We expect all pool members to have completed this important step by Spring of 2026 which should eliminate 42 USC 1983 Monell exposure for sheriffs offices that participate in the NMCI pool.

CATRON COUNTY	OTERO COUNTY
COLFAX COUNTY	QUAY COUNTY
DE BACA COUNTY	ROOSEVELT COUNTY
GRANT COUNTY	SIERRA COUNTY
GUADALUPE COUNTY	SANDOVAL COUNTY
HIDALGO COUNTY	SAN MIGUEL COUNTY
LINCOLN COUNTY	SOCORRO COUNTY
McKINLEY COUNTY	TORRANCE COUNTY
MORA COUNTY	VALENCIA COUNTY

RISK MITIGATION EFFORTS

SHERIFF OFFICE ACCREDITATION

Valencia County remains the only sheriff office accredited since the implementation of this program in 2012.

LEXIPOL

Introduced to members in 2023, after the NMCI Board of Directors authorized purchase of this program for all members at a cost of \$1.3 million.



2020 Death of George Floyd ushers in era of national social inflation, driving up cost of all claims, beginning with law enforcement.	2021 New Mexico Legislature passes Civil Rights Act, increasing county liability and claims resulting in \$84M in sheriff and detention liability July 1, 2021—Dec. 31, 2025. Reinsurer declines coverage and NMCI limits coverage to \$2M per occurrence.	
2020	through	2025
2019—2023 Surge in inadequate medical and mental health claims results in \$30.3M in liability. Pool caps liability at \$2M per claim for unaccredited facilities.	2025 8 accredited detention centers 1 accredited sheriff office	2023 For the first time since 2017, sheriff office claim costs surpass detention claim costs.

23

LOSS PREVENTION

LEXIPOL: THE NATION'S LEADING POLICY MANAGEMENT SOLUTION FOR LAW ENFORCEMENT

Through a partnership with New Mexico Counties, Lexipol offers all sheriff offices in New Mexico a comprehensive, legally-vetted, and continuously-updated policy framework.

Built on state-specific law and grounded in national best practices, Lexipol's policy system helps agencies reduce risk, enhance operational consistency, and strengthen professionalism across all levels of their organization. This foundation ensures deputies have clear, current guidance while supporting accountability and community trust.

Through the partnership, every member sheriff's office receives access to the full Law



Enforcement Policy Manual and Daily Training Bulletins (DTBs). These policies are regularly updated to reflect changes in New Mexico statute, case law, and emerging law enforcement standards.

Daily Training Bulletins reinforce this guidance by delivering brief, scenario-based training that keeps deputies familiar with policy expectations and decision-making best practices.

The partnership enhances statewide consistency and supports liability reduction by ensuring all sheriff's offices operate from a unified, defensible policy framework. At the same time, agencies retain the flexibility to tailor policies to local needs and operational realities—an invaluable benefit frequently highlighted by New Mexico sheriffs.

“

We have been extremely happy with our Lexipol policy system.

Their onboarding team was fantastic, helping us set up the system, and begin policies, and create users.

We rely heavily in the field on the phone app which allows deputies to check policy and acknowledge new or changed policy, as well as receive notifications.

Now that we have completed the policies, it has been simple to transition to the accreditation process.

”

**SHERIFF
JAMES
MAIORANO III**
**McKINLEY
COUNTY**

RAP RECEIVES A MAJOR FACELIFT

NMC is advancing its long-standing Risk Awareness Program (RAP) through a new partnership with the Health and Safety Institute (HSI), a national leader in compliance-based learning and workplace safety training. By integrating HSI's modern training solutions, NMC will provide member counties with a more flexible, accessible, and data-driven approach to safety education.

The partnership will allow counties to deliver RAP training either in-person or electronically, giving local risk managers more control over how content is assigned and completed. HSI's learning management system and content library include microlearning modules. The program offers Spanish-language options, printable classroom materials, electronic rosters, and dashboards that enable each



county to manage its own training records. Importantly, these capabilities directly support NMC's goals of improving consistency, accountability, and training effectiveness statewide.

The enhanced RAP model will launch in February 2026, marking a significant milestone in NMC's modernization efforts. Beginning with this rollout, all member counties will utilize the same RAP courses each week, ensuring statewide standardization and uniform delivery of core safety content. This consistent weekly curriculum will help reinforce shared expectations, strengthen compliance, and improve comparability of training.

By modernizing RAP, NMC will be able to offer counties a scalable and standardized system that strengthens safety culture while reducing administrative burdens. The upgraded model supports blended learning options, deeper analytics, and the ability to align training with claims trends and county-specific risks. This upgrade positions RAP for long-term sustainability and provides a foundation for measurable improvements in workplace safety, loss prevention, and county engagement across New Mexico.

ONSITE ACCREDITATION ASSESSMENTS

Staff completed three onsite accreditation assessments in 2025.

Misdemeanor Compliance

- San Juan County, Valencia County

Emergency Communications

- Valencia County

ONSITE SAFETY INSPECTIONS

Staff completed onsite safety inspections in 11 counties in 2025, 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.

- Chaves
- Curry
- De Baca
- Harding
- Mora
- Roosevelt
- Sandoval
- Socorro
- Taos
- Union
- Valencia

LOCAL GOV U: CUSTOMIZABLE TRAINING PLANS

Through LocalGovU's portal Quick Assignments tool, training supervisors can easily assign training intended for short-term or one-time completion. They are most often used when all assigned users need to complete the same set of courses within a specific timeframe.



Download the Quick Assignment Guide

STAFF

Greg Rees
MANAGER

Clay Corn
LOSS PREVENTION SPECIALIST

Angelo Gurule
LOSS PREVENTION SPECIALIST

Lisa Barela
COORDINATOR

93

Years
of combined
experience

LOSS PREVENTION

NEW MEXICO DETENTION CENTERS EMBRACE BENCHMARK ANALYTICS' iMPACT PROGRAM

Benchmark Analytics' iMPACT program provides New Mexico's county detention facilities with a research-driven framework to:

- reduce liability,
- strengthen staff performance, and
- improve outcomes for both correctional officers and inmates.

Built on Benchmark's public-sector roots and advanced data science methodology, **the iMPACT platform identifies the operational practices most strongly associated with fewer injuries and reduced claim-producing incidents.**

These evidence-based insights enable detention leadership to better understand their unique risk drivers and implement practices proven effective in high-performing facilities.



Through its partnership with Benchmark, NMC now has a system that delivers:

- forward-looking risk profiles for each facility,
- thematic mapping of operational strengths and vulnerabilities, and
- tailored recommendations developed through direct engagement with command staff.

"I appreciate NMC and Benchmark coming to our facility and sharing Benchmark's extensive research regarding top performing jail operations.

My staff and I are on board with implementing some of the evidence-based best practices presented today."

WARDEN RANDY GUTIERREZ
VALENCIA COUNTY

EVERY MEMBER FACILITY ON TRACK

This first-year implementation included interviews with all of our member facilities, resulting in 3 new or expanded practices identified for adoption—each linked to a measurable reduction in risk exposure.

The platform also supports consistent follow-up and measurement, giving facilities a clear path for prioritizing changes, justifying resource allocation, and tracking improvements over time.

Detention leaders across the state have responded enthusiastically, emphasizing the value of actionable insights and practical tools that help address turnover, staff wellness, operational consistency, and liability reduction.

As several wardens noted during the engagement process, the program offers clarity and direction: a structured pathway for strengthening daily operations while connecting facilities to NMC's broader loss control resources.

We bid farewell and happy retirement to two board members at the end of 2025. Bernalillo Deputy County Manager for General Services Lisa Sedillo-White joined the board in 2016 representing Bernalillo County.

Union County Manager Brandy Thompson joined the board in 2022 as the small county population director representing small counties.



Goodbye!

