

STATE OF NEW MEXICO

OFFICE OF SUPERINTENDENT OF INSURANCE

SUPERINTENDENT OF INSURANCE
Russell Toal



DEPUTY SUPERINTENDENT
Jennifer A. Catechis

BULLETIN 2022-020

November 1, 2022

**TO: ALL INSURERS AND ADVISORY ORGANIZATIONS THAT HAVE FILED
PROPERTY AND CASUALTY INSURANCE RATES COVERING RISKS
LOCATED IN THE STATE OF NEW MEXICO**

RE: AUTOMATIC RATE ESCALATIONS

This bulletin is issued in accordance with Sections 59A-2-8, 59A-2-10 and 59A-4-3 NMSA 1978, and with 13.1.2.9 NMAC.

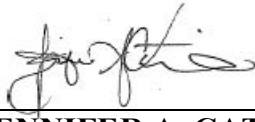
In New Mexico, property and casualty insurance rates, like all other rates, “shall not be excessive, inadequate or unfairly discriminatory, nor shall an insurer charge any rate that, if continued, will have or tend to have the effect of destroying competition or creating a monopoly.” Section 59A-17-6, NMSA 1978, Rate standards, Subsection A.

However, the OSI has become aware of a practice in rate filings that utilizes automatic rate escalations beyond a reasonably foreseeable period. This usually takes the form of a rating factor that automatically increases the rates by a set percentage, typically on a monthly basis, and often for as long as several years into the future. This factor can result in a sizeable annual rate increase for several years in a row. This practice is not allowed by the OSI, because the need for a rate increase cannot be reasonably anticipated or justified so far in advance, and therefore, the rates cannot be reasonably evaluated for compliance with the applicable statutes and regulations.

The purpose of this bulletin is to require insurers and advisory organizations that have filed such rating factors in New Mexico to correct and refile the rates in conformance with statutory and rule requirements, within 6 months of the date of issuance of this bulletin.

Questions regarding this bulletin should be directed to Melissa Robertson, by emailing Melissa.Robertson@state.nm.us or by calling (505) 670-2704.

ISSUED this 1st day of November, 2022.



**JENNIFER A. CATECHIS, Deputy Superintendent
for Superintendent Russell Toal**