

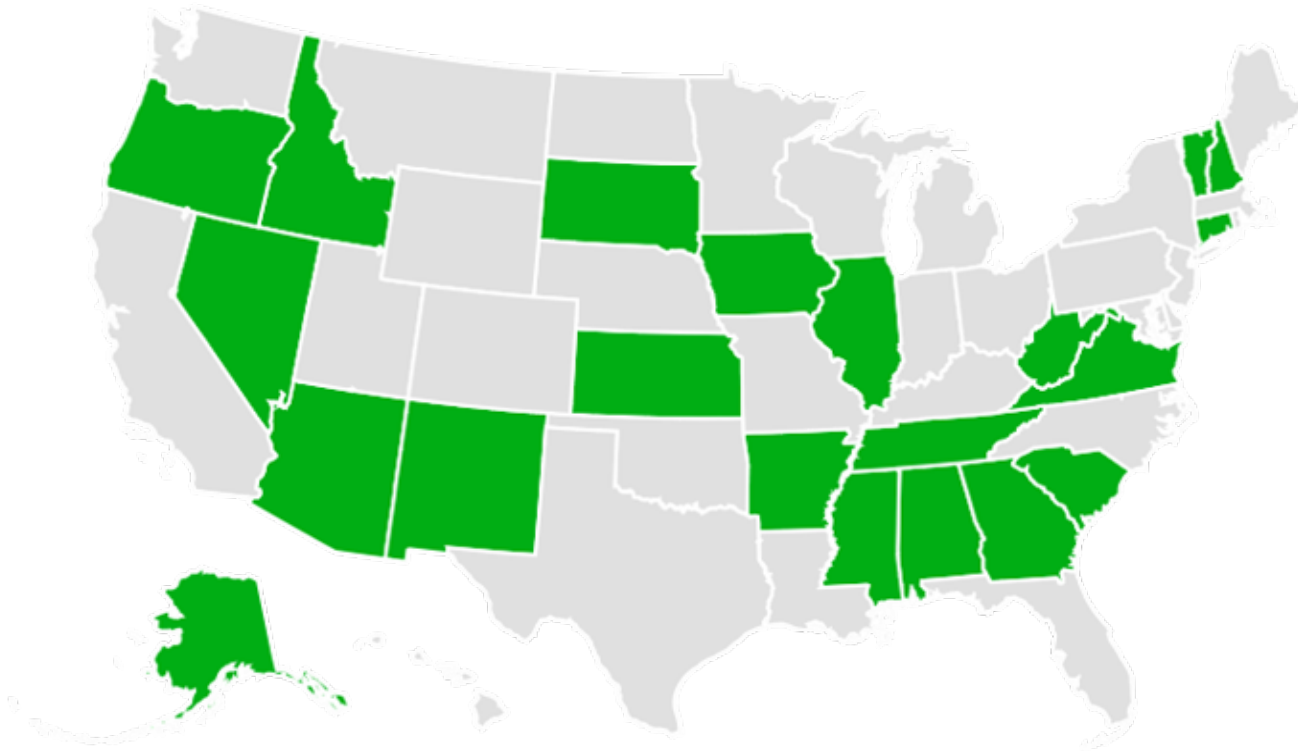
STATE ADVISORY RESOURCES

New Mexico Residual Market
November 2022



Plan Data

Includes 22 NCCI Plan Administration Jurisdictions



Alabama

Alaska

Arizona

Arkansas

Connecticut

DC

Georgia

Idaho

Illinois

Iowa

Kansas

Mississippi

Nevada

New Hampshire

New Mexico

Oregon

South Carolina

South Dakota

Tennessee

Vermont

Virginia

West Virginia

Overall State of the Residual Market

Aggregate for NCCI Plan Jurisdictions*

COVID-19 Claims

- Limited direct impact on residual market losses
- Uncertain indirect impact on premium/collectability



Residual market premium and market share are on a gradual decline



Concentration in high hazard groups reflects possible volatility in losses and operating results



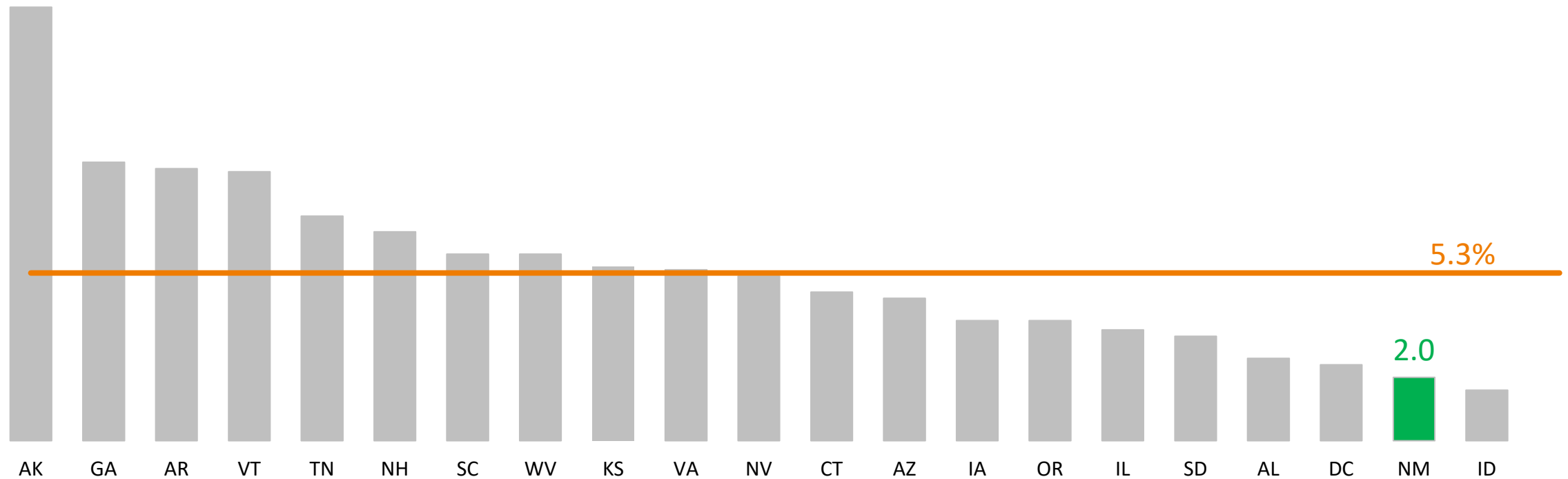
The residual market is self-funded in the aggregate, but this varies by jurisdiction



*From NCCI's *Residual Market Forum 2022*, State of the Residual Market presentation.

Assigned Risk Plan **Market Share** Percentage by Jurisdiction

As of 12/31/2021*

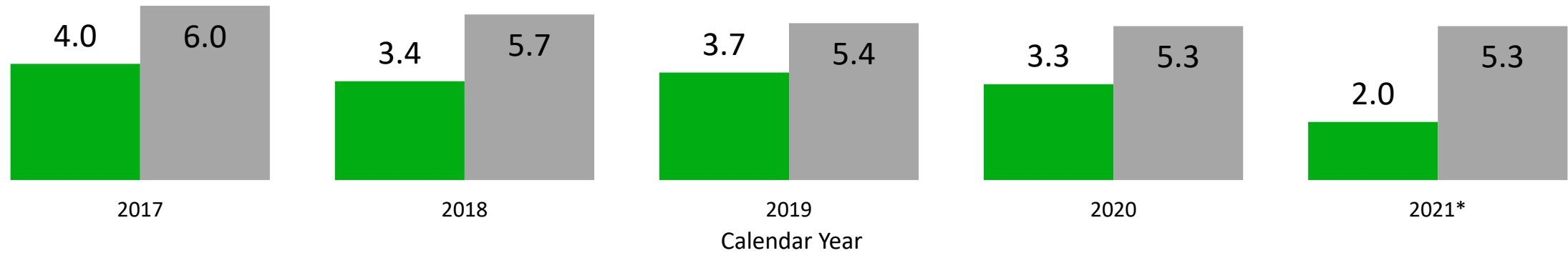


*Preliminary.

Market share percentages are from NCCI's 2021 *Residual Market Management Summary*.

New Mexico Residual Market Share Compared to All Plan Jurisdictions Market Share

Plan Premium as a Percentage of Direct Written Premium



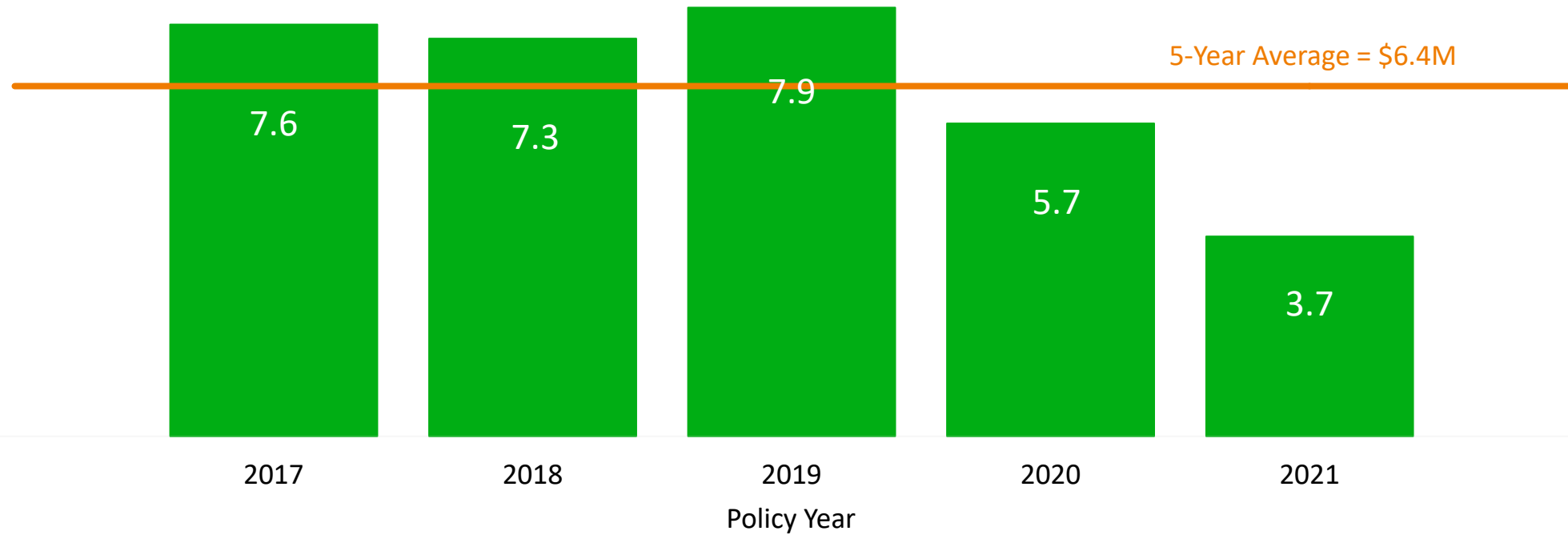
*Preliminary.

Market share percentages are from NCCI's 2021 *Residual Market Management Summary*.

New Mexico Residual Market Plan Premium

As of 12/31/2021

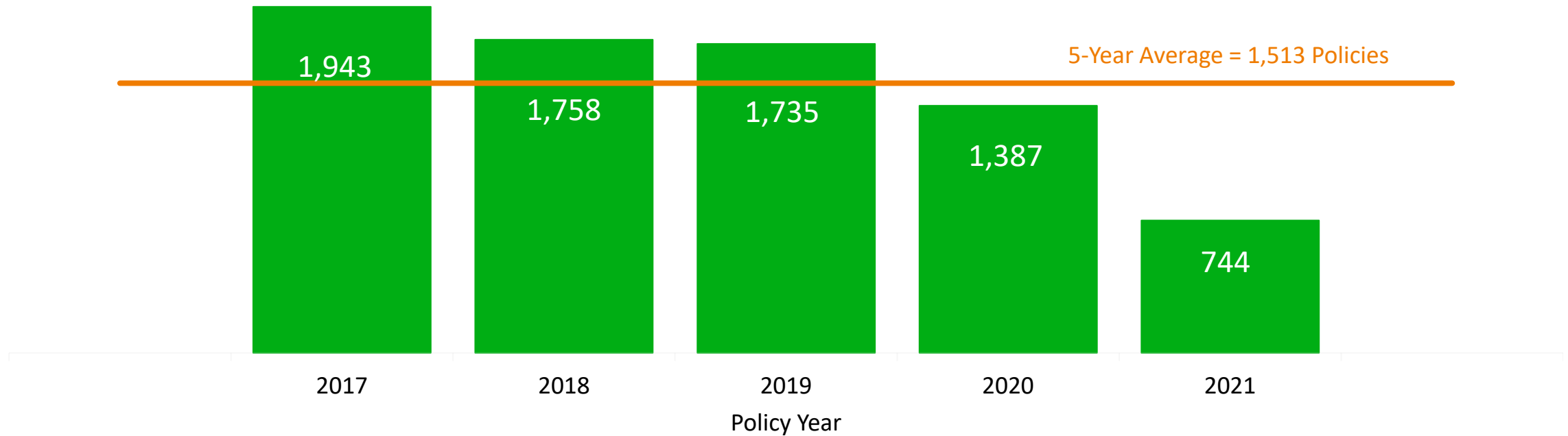
\$ Millions



Premium data is on a policy year basis as reported to NCCI, for policies effective from January 1 through December 31, including prorated cancellations, with all policies' premium associated with the dominant state.

New Mexico Residual Market Policy Counts

As of 12/31/2021



Policy data is on a policy year basis as reported to NCCI, for policies effective from January 1 through December 31, including prorated cancellations, with all policies' premium associated with the dominant state.

New Mexico Residual Market (RM) Policy Information



\$4,937

Average RM Policy Size



74.1%

% of RM Policies Under \$2,500



17.2%

% of RM Premium Generated
by Policies Under \$2,500

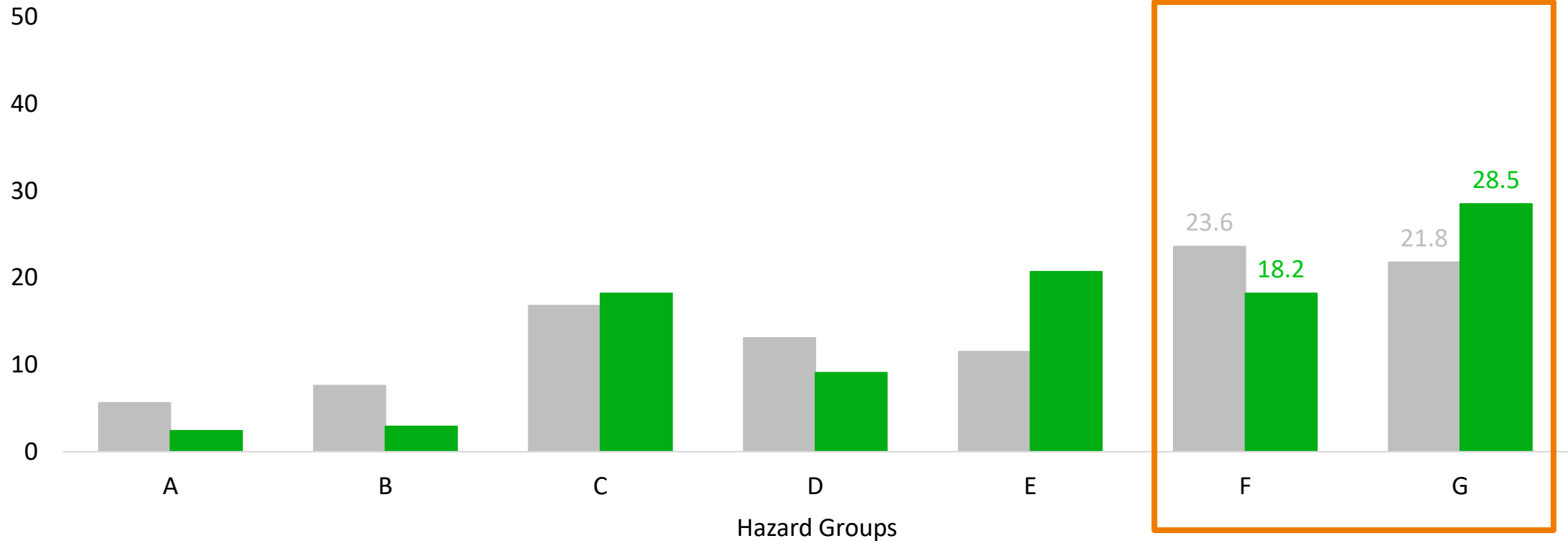
Premium and policy data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2021, to December 31, 2021, including prorated cancellations, with all policies' premium associated with the dominant state.

Hazard Groups **F and G** Account for 47% of the Residual Market Premium

% of Premium

■ 2021 NM Total Market

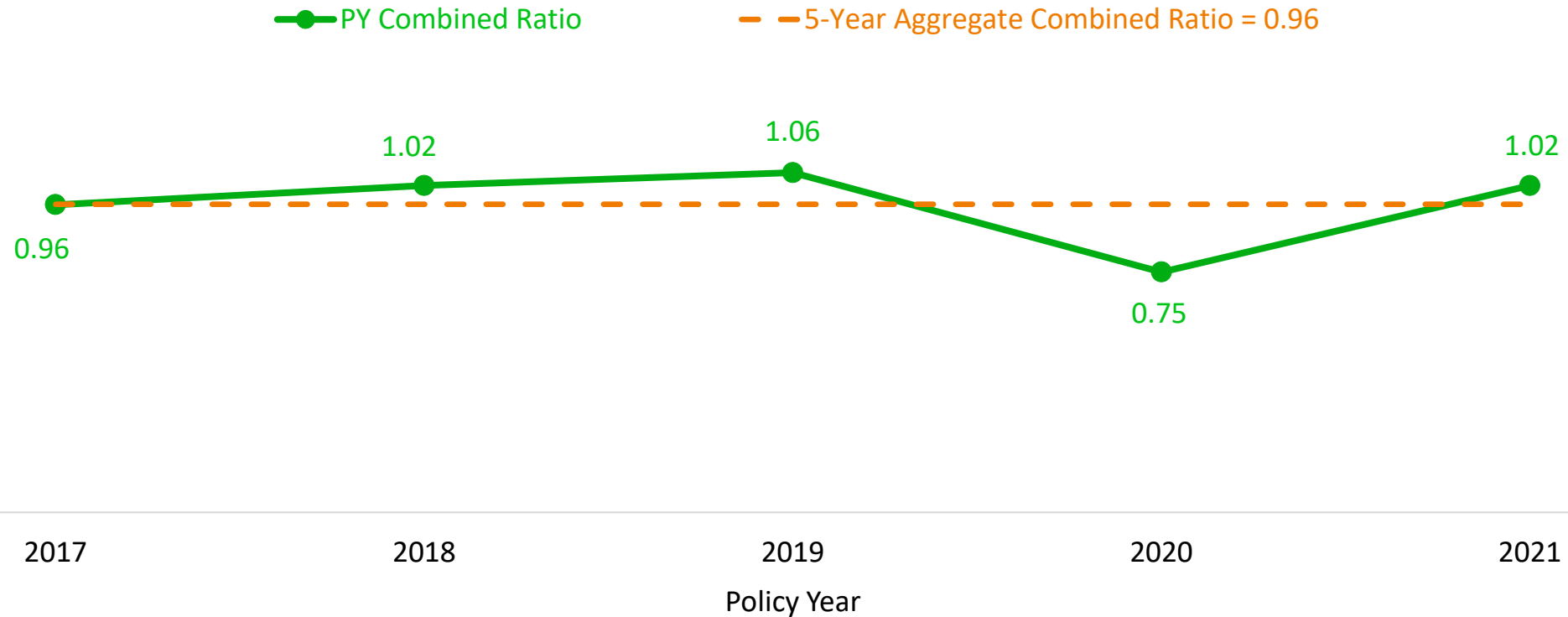
■ 2021 NM Residual Market



Premium data is on a policy year basis as reported to NCCI, for policies effective from January 1, 2021, to December 31, 2021, including prorated cancellations, with all policies' premium associated with the dominant state.

New Mexico Reinsurance Pool's Combined Ratios Over the Past Five Years

Estimated Policy Year Combined Ratios as of 3/31/2022

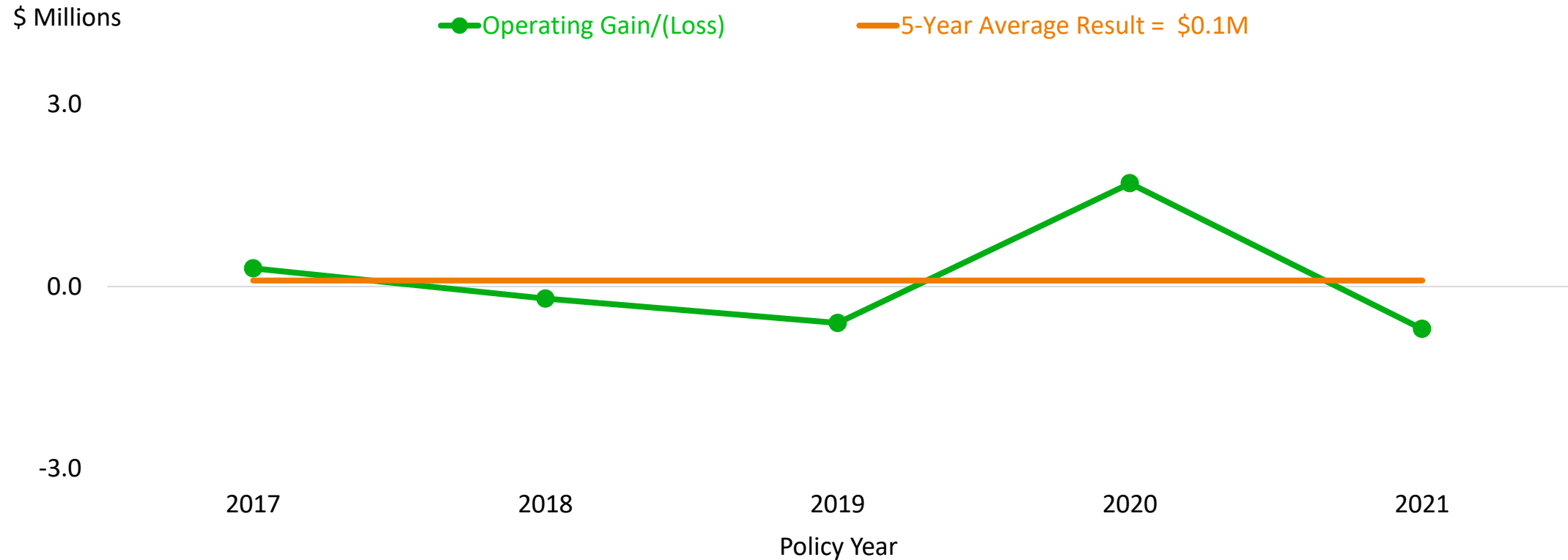


From NCCI's *Residual Market Quarterly Results*—equals $[1.0 - \text{Residual Market Operating Gain (Loss)}] / \text{Pool Written Premium}$.

Updates to the *Residual Market Quarterly Results* are posted on [ncci.com](https://www.ncci.com). Click the **Residual Markets** tab. Then, under Publications/Reports, click **Quarterly Results**.

New Mexico Residual Market Reinsurance Pool Net Operating Results

Estimated Net Operating Gains and Losses Projected to Ultimate as of 3/31/2022



From NCCI's *Residual Market Quarterly Results*—the financial statement presentation that reflects the excess of earned premium over incurred losses, less all operating expenses, plus all investment income in this state. Updates to the *Residual Market Quarterly Results* are posted on [ncci.com](https://www.ncci.com). Click the **Residual Markets** tab. Then, under Publications/Reports, click **Quarterly Results**.

New Mexico Residual Market

COVID-19 Claims

- Limited direct impact on residual market losses
- Uncertain indirect impact on premium/collectability



Volume and Market Share

- Overall decrease in premium and policy count
- Relatively low residual market share



Approximately 47% of residual market premium in high hazard groups F and G reflects possible volatility in losses and operating results



The residual market has been self-funded over the past five years

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