



UNINSURED AND UNDERINSURED MOTORIST COVERAGE

NEW MEXICO, KILEEN V. DIDIO AND THE PATH TO CLARITY

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WHAT UM AND UIM COVERAGE DO



Uninsured Motorist

The at-fault driver has no insurance.

- Pays what you could have recovered from the at-fault driver if they had been insured
- Covers injuries to you and your passengers; property damage depending on the policy
- May also respond to hit-and-run crashes or injuries as a pedestrian



Underinsured Motorist

The at-fault driver has insurance, but not enough.

- Fills the gap when the at-fault driver's liability limits fall short
- In New Mexico, a driver is "underinsured" when their liability limits are lower than your own UM/UIM limits
- Recovery is coordinated with the at-fault driver's insurer

New Mexicans have the freedom to choose. As with any other coverage, each customer should decide, with advice from their agent, whether they need UM/UIM and how much, based on their own personal and financial circumstances.



STACKING AND OFFSETS

Stacking

Adding UM limits together across vehicles on a policy

Example: two insured vehicles

Vehicle 1		Vehicle 2		Available
\$25,000	+	\$25,000	=	\$50,000

UM bodily injury limit per person, per vehicle. Where stacking is allowed, limits combine for a single accident.

✓ Allowed in New Mexico

Offsets

Preventing a double recovery when the at-fault driver has some insurance

Example: \$100,000 in damages, \$100,000 UIM limit

At-fault driver's liability insurer pays	\$25,000
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Your UIM coverage pays (limit minus offset)	\$75,000
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Total recovery	\$100,000
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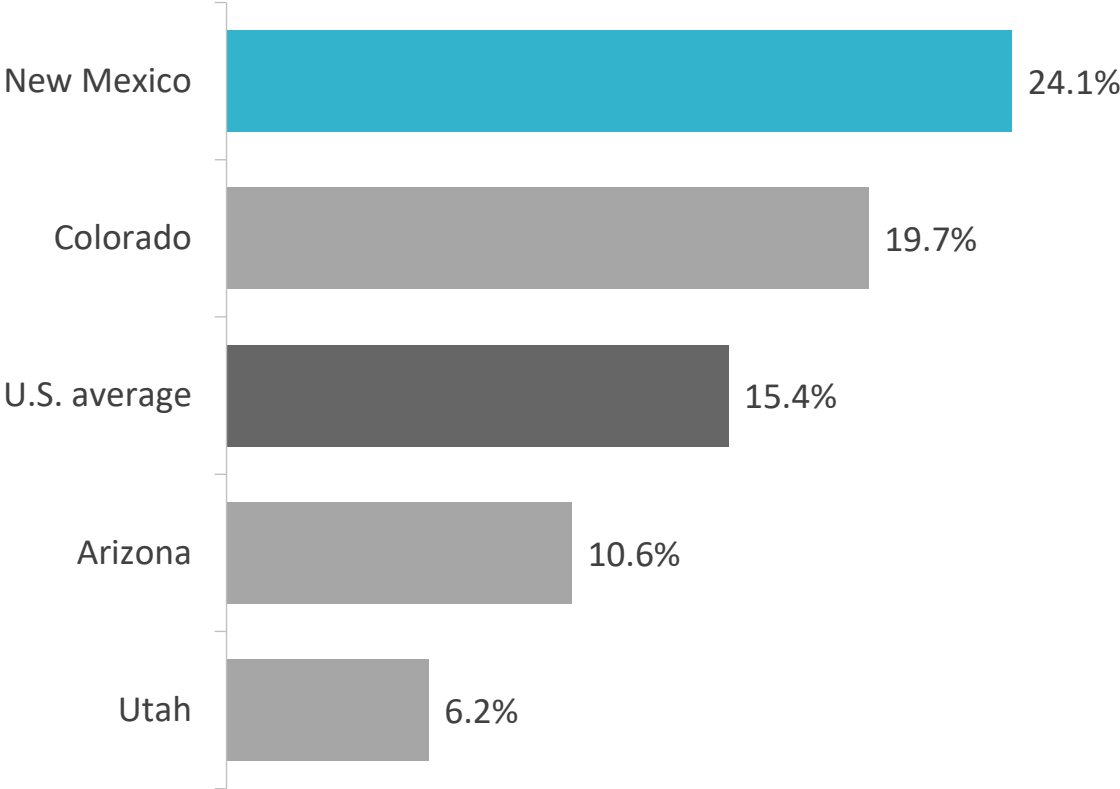
You are made whole up to the limit you chose, without being paid twice.

✓ Allowed in New Mexico (Schmick, 1985)



NEW MEXICO IN THE REGIONAL CONTEXT

Share of drivers uninsured, 2023



2nd highest in the nation, behind only Mississippi (28.2%)

How the rules compare

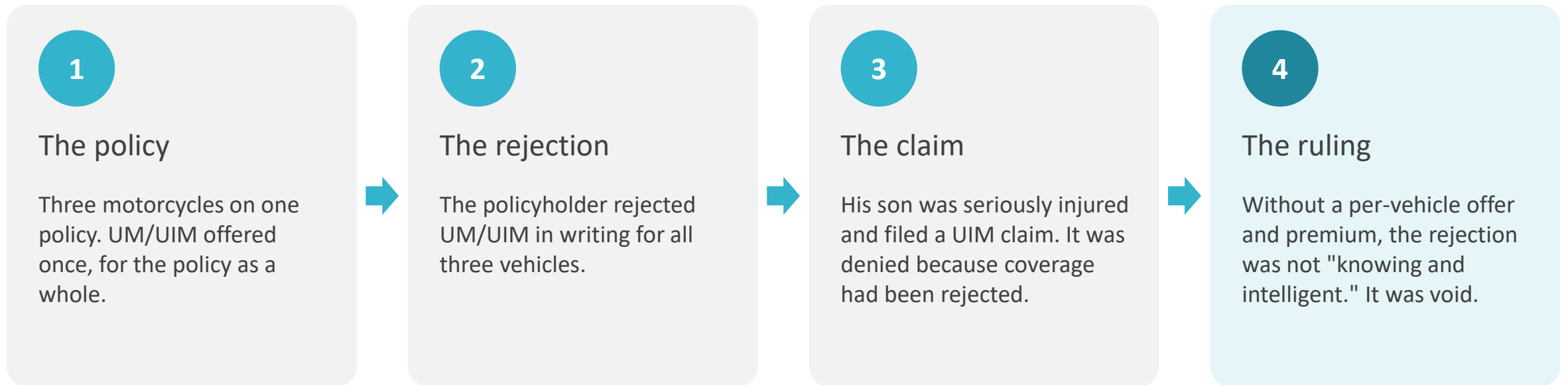
	Stacking	Offsets
New Mexico	Yes	Yes
Colorado	Yes	No
Arizona	Yes	No
Utah	No	No

With one in four drivers uninsured, UM coverage matters more in New Mexico than almost anywhere, which is why the rules for offering it need to be clear and workable.

Sources: Insurance Research Council estimates (2023 data), via Insurance Information Institute; NAMIC analysis of state law.



KILEEN V. DIDIO (N.M. 2025)



The new rule for every New Mexico insurer (decided June 30, 2025)

- UM/UIM must be offered on each vehicle individually, with the premium for each disclosed
- Insurers "may" also offer per-policy coverage; applies prospectively; New Mexico is the first state to require a per-vehicle election



WHAT THE CUSTOMER IS ASKED TO DECIDE

Because New Mexico allows stacking, each vehicle's UM premium depends on how many other vehicles carry it. So the form must show the customer every possible price.

16

ways to select or reject
coverage across 4 vehicles

128

UM bodily injury premiums (4
limit options)

192

UM property damage
premiums (6 limit options)

320

prices on one family's form

Adding a non-stacked option, which some insurers plan to offer, makes the form longer still. More information is not the same as more clarity.

Illustration: a four-vehicle household with four UMBI and six UMPD limit options. Source: NAMIC member company analysis.



“

That's not what I understood.
I thought I had coverage.

The predictable reaction when a family rejects UM on some vehicles to save money, then is hurt in one of them. Under Kileen, coverage rejected on that vehicle does not follow from the others.

WHERE CONSUMERS GET CONFUSED

1

The form

Dozens of decisions and hundreds of prices, for a coverage most people rarely think about until they need it

2

Every vehicle change

Every new or replacement car means another form, on top of mass mailings asking customers to re-sign

3

The fine print at claim time

Disputes turn on whether a box was checked in the right place, or what a non-English speaker was told

4

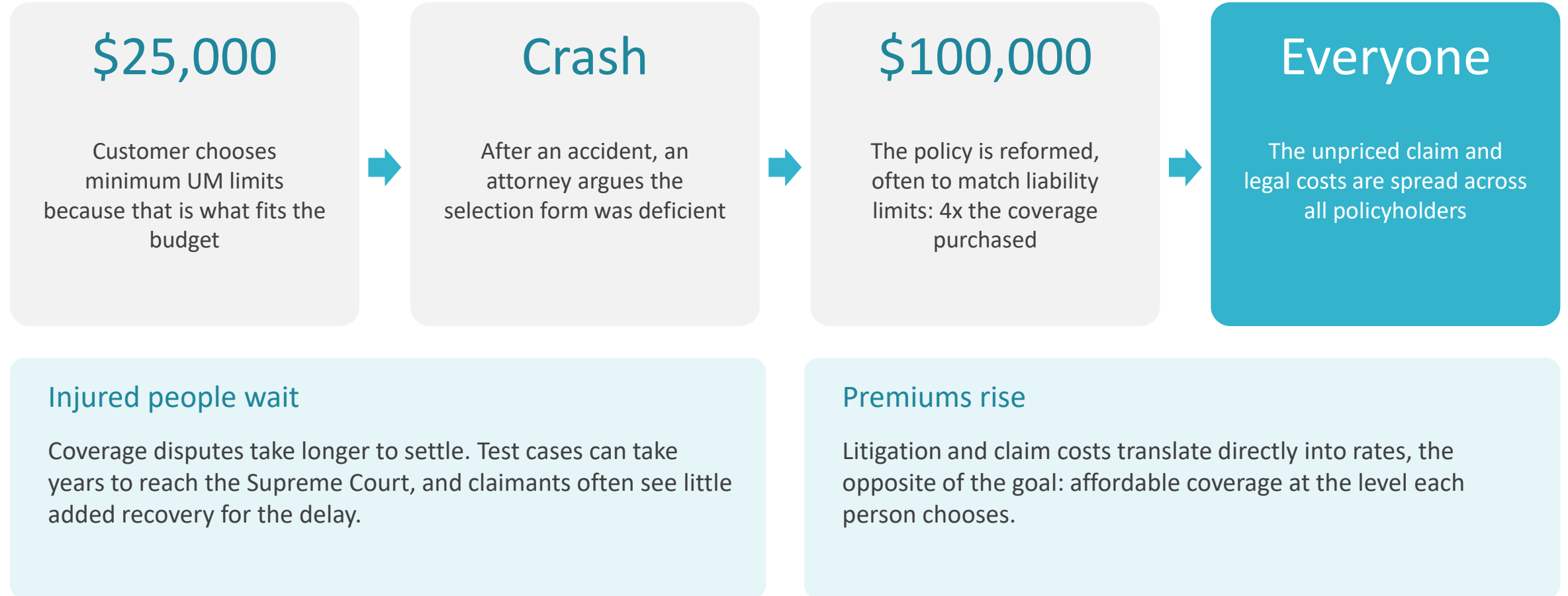
Even their attorneys

If customers can't follow the form, neither can many of the lawyers and adjusters who later have to apply it



WHO PAYS FOR THE CONFUSION

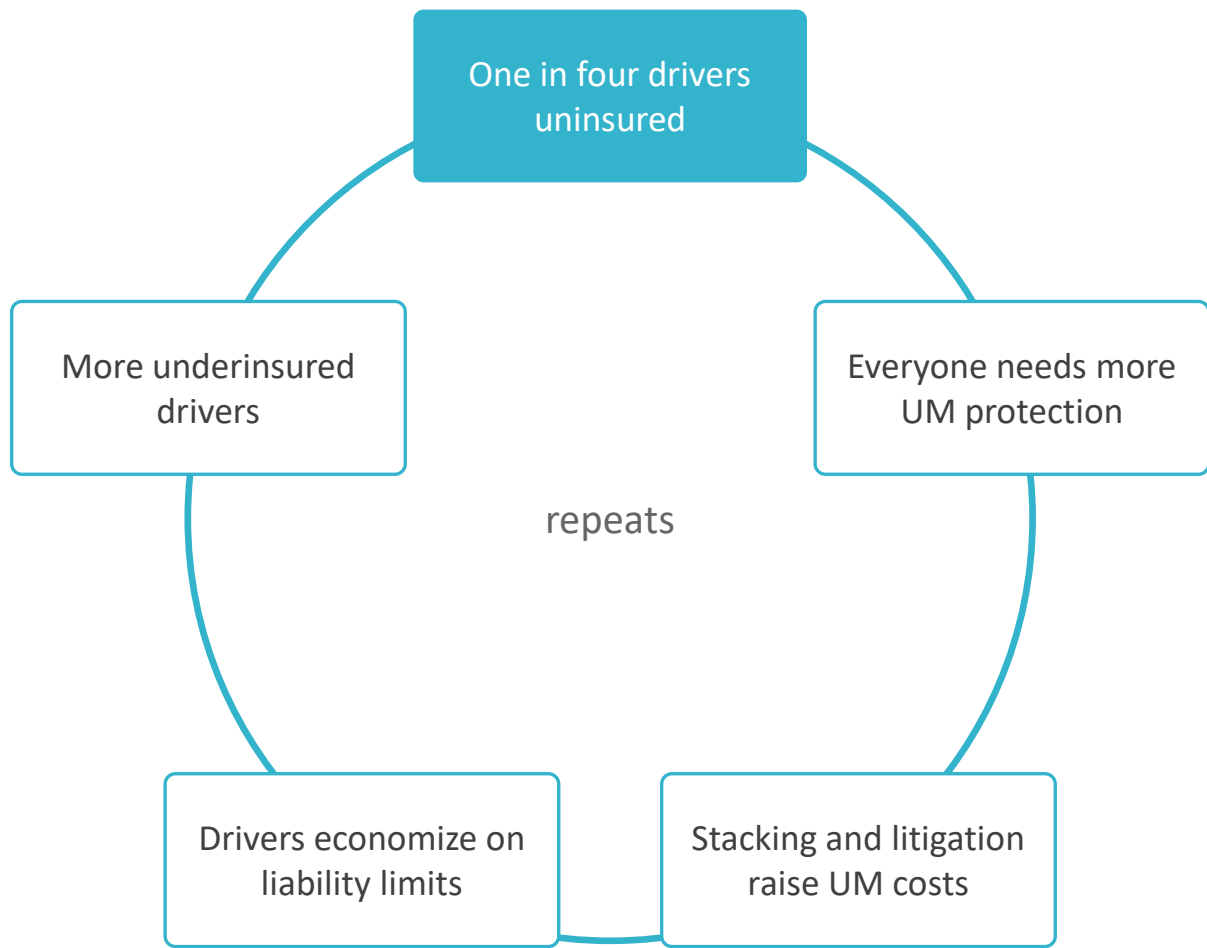
How a typical form challenge plays out



Illustrative example based on NAMIC member company litigation experience.



THE AFFORDABILITY SPIRAL



Stacking tilts protection inward

\$300,000

UM protection for yourself

\$100,000

liability protection for others

Example: \$100,000 limits, stacked across three vehicles

Why mandatory UM is not the fix

Requiring UM adds cost for every driver, including those who can least afford liability coverage today. It would not simplify the form: insurers would still have to show every limit and price, so the same disputes would follow.



STILL UNSETTLED, MORE THAN A YEAR LATER

For insurers

Effective **immediately** with no implementation date

October 28, 2025, an OSI bulletin added new direction, due in 30 days

Every company rewrote forms, recoded systems and asked every customer to re-sign

15 months for one national carrier to complete the work

Still unanswered, and now in litigation

? Vehicle changes

Does swapping a car require a new offer, when prior precedent (Vigil) said no?

? Who coverage follows

UM follows the person. How does that work per vehicle, for a passenger in a rejected car?

? A per-policy option

The Court said insurers "may" offer one. Plaintiffs argue they must.

? Older rejections

Are rejections signed before Kileen still valid on renewing policies?



OPTIONS BUILT AROUND CONSUMER CLARITY

1

Standard form and notices

One state-approved selection and rejection form that consumers can read, and that counts as a valid offer when used

2

Set the framework in statute

How offers are made (per vehicle or per policy) and when a new offer is or is not required

3

Simplify stacking

Including a statutory option to waive it; California, for example, does not stack

4

Codify the Schmick offset

Keep UIM priced as it is today by putting four decades of settled law into statute

5

Reasonable implementation time

Clear effective dates, so customers are not asked to re-sign forms again and again

6

Online insurance verification

Real-time checks with the insurer at registration or a traffic stop: more accurate and less costly than database matching



THANK YOU

QUESTIONS AND DISCUSSION

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