

AN ACT

RELATING TO MOTOR VEHICLES; ENACTING A NEW SECTION OF THE
MANDATORY FINANCIAL RESPONSIBILITY ACT TO MANDATE COVERAGE FOR
PERMISSIVE DRIVERS WITH THE EXPRESS OR IMPLIED PERMISSION OF THE
OWNER OR NAMED INSURED, TO MANDATE COVERAGE FOR OPERATORS OF
NON OWNED MOTOR VEHICLES AND TO MANDATE CERTAIN MOTOR VEHICLE
LIABILITY POLICY COVERAGE PROVISIONS.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Mandatory Financial Responsibility Act is
enacted to read:

"MOTOR VEHICLE INSURANCE POLICY--PROCEDURES.--

A. A motor vehicle insurance policy shall:

(1) designate by explicit description or by appropriate
reference all motor vehicles to which coverage is to be granted; and

(2) insure the person named in the policy and a person using
any such motor vehicle with the express or implied permission of the named insured
against loss from the liability imposed by law for damages arising out of the ownership,
maintenance or use of the motor vehicle within a jurisdiction, subject to the
requirement to provide evidence of financial responsibility pursuant to the Mandatory
Financial Responsibility Act.

B. A motor vehicle insurance policy shall insure a person named as
insured against loss from the liability imposed upon the person by law for damages
arising out of the use, with the express or implied permission of the owner or person in

lawful possession, of a motor vehicle that the insured person does not own. The policy shall insure the person within the same territorial limits and in compliance with the requirement of evidence of financial responsibility as set forth in the Mandatory Financial Responsibility Act with respect to a motor vehicle insurance policy. A motor vehicle liability policy in which the described vehicle is a private passenger car is not required to provide liability insurance coverage for a non-owned truck tractor designed to pull a trailer or semitrailer.

C. Permitted exceptions to coverage otherwise required by Subsections A and B of this section may include the following if excluded by the motor vehicle insurance policy:

- (1) an automobile business exclusion;
- (2) a furnished for regular use exclusion;
- (3) a vehicle rented for business use exclusion if the exclusion is contained in the motor vehicle insurance policy and is enforceable;
- (4) an exclusion for any liability of the United States government or its agencies when the provisions of the Federal Tort Claims Act apply;
- (5) an exclusion for liability of the insured under any workers' compensation law;
- (6) an exclusion for damages to property owned by, rented to, in the charge of or transported by an insured; provided, however, that this exclusion shall not apply to damages to a residence or private garage rented by an insured; and
- (7) an exclusion to apply when a vehicle is rented to others or used to carry persons for a charge; provided, however, that this exclusion shall not apply to use on a shared expense basis.

D. The motor vehicle insurance policy shall state the name and address of the insured, the coverage afforded by the policy, the premium charged, the policy period and the limits of liability. The policy shall also contain an agreement or endorsement that states that the insurance is:

(1) provided in accordance with the coverage defined in the Mandatory Financial Responsibility Act regarding bodily injury and death or property damage or both; and

(2) subject to all the provisions of that act.

E. Every motor vehicle insurance policy shall be subject to the following provisions, which may be contained in the policy:

(1) the policy may not be canceled or annulled as to the liability of the insurance carrier with respect to the insurance required by the Mandatory Financial Responsibility Act by an agreement between the insurance carrier and the insured after the occurrence of the injury or damage;

(2) the satisfaction by the insured of a judgment for injury or damage shall not be a condition precedent to the right or duty of the insurance carrier to pay on account of injury or damage;

(3) the insurance carrier has the right to settle a claim covered by the policy. If the settlement is made in good faith, the amount of the settlement is deductible from the limits of liability specified in the Mandatory Financial Responsibility Act; and

(4) the policy, the declarations page, the written application and a rider or an endorsement that does not conflict with the provisions of the Mandatory Financial Responsibility Act constitute the entire contract between the

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parties.

F. A binder issued pending the issuance of a motor vehicle insurance policy is not to fulfill the requirements for the policy."