1	AN ACT	
2	RELATING TO INSURANCE; AMENDING THE NEW MEXICO INSURANCE CODE	
3	TO DEFINE AND PROHIBIT AN ADDITIONAL UNFAIR CLAIMS PRACTICE.	
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5	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:	
6	SECTION 1. Section 59A-16-20 NMSA 1978 (being	
7	Laws 1984, Chapter 127, Section 286, as amended) is	
8	amended to read:	
9	"59A-16-20. UNFAIR CLAIMS PRACTICES DEFINED AND	
10	PROHIBITEDAny of the following practices with respect to	
11	claims, by an insurer or other person, knowingly committed	
12	or performed with such frequency as to indicate a general	
13	business practice are defined as unfair and deceptive	
14	practices and are prohibited:	
15	A. misrepresenting to insureds pertinent facts	
16	or policy provisions relating to coverages at issue;	
17	B. failing to acknowledge and act reasonably	
18	promptly upon communications with respect to claims from	
19	insureds arising under policies;	
20	C. failing to adopt and implement reasonable	
21	standards for the prompt investigation and processing of	
22	insureds' claims arising under policies;	
23	D. failing to affirm or deny coverage of claims	
24	of insureds within a reasonable time after proof of loss	
25	requirements under the policy have been completed and	SB 221 Page l

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submitted by the insured;

E. not attempting in good faith to effectuate prompt, fair and equitable settlements of an insured's 4 claims in which liability has become reasonably clear;

F. failing to settle all catastrophic claims within a ninety-day period after the assignment of a catastrophic claim number when a catastrophic loss has been declared;

9 G. compelling insureds to institute litigation 10 to recover amounts due under policy by offering substantially 11 less than the amounts ultimately recovered in actions brought 12 by such insureds when such insureds have made claims for 13 amounts reasonably similar to amounts ultimately recovered;

14 Η. attempting to settle a claim by an insured for 15 less than the amount to which a reasonable person would have 16 believed the insured was entitled by reference to written or 17 printed advertising material accompanying or made part of an 18 application;

19 attempting to settle claims on the basis of an I. 20 application that was altered without notice to, or knowledge 21 or consent of, the insured or the insured's representative, 22 agent or broker;

23 J. failing, after payment of a claim, to inform 24 insureds or beneficiaries, upon request by them, of the 25 coverage under which payment has been made;

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K. making known to insureds or claimants a practice of insurer of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration;

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L. delaying the investigation or payment of claims by requiring an insured, a claimant or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the 11 same information;

12 failing to settle an insured's claims promptly Μ. 13 where liability has become apparent under one portion of the 14 policy coverage in order to influence settlement under other 15 portions of the policy coverage;

failing to promptly provide an insured a N. reasonable explanation of the basis relied on in the policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement;

20 0. violating a provision of the Domestic Abuse 21 Insurance Protection Act; or

22 Ρ. treating an insured's inquiry relating to 23 damage or loss as a claim when the facts of the inquiry are 24 not covered in the policy, the insurer makes no payment to or 25 SB 221 on behalf of the insured and the claim does not involve

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