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HOUSE BILL 790

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Brian K. Moore

AN ACT

RELATING TO MOTOR VEHICLE INSURANCE; PROVIDING THAT MOTOR VEHICLE INSURERS MAY OFFER MILE-BASED RATING PLANS IN ADDITION TO TIME-BASED RATING PLANS; PROVIDING ADDITIONAL DUTIES FOR THE SUPERINTENDENT OF INSURANCE.

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

Section 1. A new section of the New Mexico Insurance Code is enacted to read:

"NEW MATERIAL] MOTOR VEHICLE INSURANCE-- MILE-BASED RATING PLANS AUTHORIZED-- ADDITIONAL DUTIES FOR SUPERINTENDENT. --

A. As used in this section:

(1) "mile-based rating plan" means a rating plan for which a unit of exposure is a specific number of miles traveled by the insured motor vehicle; and

underscored material = new
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underscored material = new
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1 (2) "time-based rating plan" means a rating
2 plan for which a unit of exposure is a unit of time.

3 B. An authorized insurer that delivers, issues or
4 renews a policy of motor vehicle insurance may offer each
5 person who purchases motor vehicle insurance from that insurer
6 a choice between a mile-based rating plan and a time-based
7 rating plan. The insurer may require a person purchasing
8 insurance to use the same rating plan for all vehicles covered
9 under the person's motor vehicle insurance policy.

10 C. In approving or disapproving rates filed
11 pursuant to the Insurance Code, the superintendent shall
12 disapprove rates under a mile-based rating plan if he
13 determines that the rates are excessive in comparison to rates
14 filed by the same insurer for similar coverage under the time-
15 based rating plan. In reporting incurred losses and earned
16 premiums, an insurer shall separately report experience based
17 on use of the mile-based rating plan and the time-based rating
18 plan.

19 D. The superintendent shall:

20 (1) compile information concerning:

21 (a) the number of insurers writing motor
22 vehicle insurance based on mile-based rating plans;

23 (b) the geographic areas of this state
24 in which mile-based rating plans are used; and

25 (c) the premium rates for mile-based

1 rating plans compared to time-based rating plans;

2 (2) analyze the effect of mile-based rating
3 plans on:

4 (a) rates offered for motor vehicle
5 insurance based on time-based rating plans; and

6 (b) the number of uninsured motorists;
7 and

8 (3) adopt such rules as are necessary to
9 implement and effectively administer mile-based rating plans,
10 including rules regarding:

11 (a) prepayment arrangements;

12 (b) renewal procedures;

13 (c) proof of financial responsibility;

14 (d) auditing of the odometer readings of
15 vehicles for the purpose of determining whether coverage is in
16 force;

17 (e) the inclusion of mile-based rating
18 plans in assigned risk plans developed pursuant to the Motor
19 Vehicle Assigned Risks Law; and

20 (f) policy forms. "