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HOUSE BILL 514

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Joe Nestor Chavez

AN ACT

RELATING TO INSURANCE; PROVIDING FOR INSURANCE REFORM BY
MAKING CHANGES IN PROVISIONS COVERING MOTOR VEHICLE LIABILITY
INSURANCE; AMENDING AND ENACTING SECTIONS OF THE NMSA 1978.

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

Section 1. Section 59A-17-7.1 NMSA 1978 (being Laws
1987, Chapter 80, Section 1) is amended to read:

"59A-17-7.1. RATES--COVERAGE--MOTOR VEHICLE LIABILITY.--

A. The rates of a motor vehicle liability insurer shall not provide for an increase in the premium if based upon an accident in which the insured is not at fault in any manner as determined by either the accident report or the insurer. If the insurer determines that its insured is at fault contrary to the specific finding of an accident report that the insured is not at fault, the insurer shall reach its

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1 conclusion only after an investigation.

2 B. A motor vehicle liability insurer shall not
3 cancel, or use as a basis for nonrenewal, an insurance policy
4 if such cancellation or nonrenewal is based upon an accident
5 in which the insured is not at fault in any manner as
6 determined by either the accident report or the insurer. If
7 the insurer determines that its insured is at fault contrary
8 to the specific finding of an accident report that the insured
9 is not at fault, the insurer shall reach its conclusion only
10 after an investigation.

11 C. As used in this section, "motor vehicle
12 liability insurer" means an insurer authorized to transact in
13 this state the business of automobile and motor vehicle bodily
14 injury, property damage liability and physical damage
15 insurance.

16 D. Subsections A through C of this section [~~shall~~]
17 do not apply if other factors exist, exclusive of the accident
18 in which the insured is not at fault, [which] that allow for a
19 premium increase, cancellation or nonrenewal of an insurance
20 policy under the Insurance Code or regulations pursuant to the
21 Insurance Code.

22 E. In classifying risks to be used in establishing
23 rates for premiums, a motor vehicle liability insurer shall
24 not use a classification based on age, gender or other factor
25 that is not directly and specifically risk-related as defined

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1 by rule adopted by the superintendent. "

2 Section 2. A new section of the New Mexico Insurance
3 Code is enacted to read:

4 "[NEW MATERIAL] GROUP PURCHASE OF MOTOR VEHICLE LIABILITY
5 INSURANCE. --A group of persons may associate for the purpose
6 of purchasing as a group motor vehicle liability insurance
7 covering motor vehicles owned by persons in the group. The
8 superintendent shall adopt rules to implement the provisions
9 of this section. "

10 Section 3. A new section of Chapter 59A, Article 12 NMSA
11 1978 is enacted to read:

12 "[NEW MATERIAL] AGENTS, BROKERS AND SOLICITORS REQUIRED
13 TO OFFER LOWEST COST MOTOR VEHICLE LIABILITY POLICY TO
14 APPLICANT. --An agent, broker or solicitor shall inform an
15 applicant for a motor vehicle liability policy of the lowest
16 premium policy available to the applicant through the agent,
17 broker or solicitor for the coverage sought. "

18 Section 4. A new section of the New Mexico Insurance
19 Code is enacted to read:

20 "[NEW MATERIAL] MOTOR VEHICLE LIABILITY INSURER REQUIRED
21 TO INFORM POLICY HOLDER OF AVAILABILITY OF LOWER PREMIUM COST
22 POLICY AND OF FACTORS THAT MAY REDUCE PREMIUM OF POLICY
23 HOLDER. --A motor vehicle liability insurer, as that person is
24 defined in Section 59A-17-7.1 NMSA 1978, shall inform an
25 insured:

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A. of the availability of a lower premium cost policy for coverage identical to that provided under the insured's policy if such a policy becomes available due to a new market product or due to changes in eligibility of the insured for coverage; and

B. at the time of renewal of a motor vehicle liability policy, of factors that would decrease the premium cost to the insured for the policy renewal if the insured qualifies. "

Section 5. EFFECTIVE DATE. --The effective date of the provisions of this act is July 1, 1999.

1 FORTY-FOURTH LEGISLATURE
2 FIRST SESSION, 1999
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6 February 16, 1999
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8 Mr. Speaker:
9

10 Your BUSINESS AND INDUSTRY COMMITTEE, to whom has
11 been referred
12

13 HOUSE BILL 514
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15 has had it under consideration and reports same with
16 recommendation that it DO PASS, and thence referred to the
17 JUDICIARY COMMITTEE.

18 Respectfully submitted,
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22 _____
23 Debbie A. Rodella, Chairman
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FORTY-FOURTH LEGISLATURE
FIRST SESSION, 1999

3 HBIC/HB 514

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4 Adopted _____ Not Adopted _____

6 (Chief Clerk)

(Chief Clerk)

8 Date _____

10 The roll call vote was 6 For 4 Against

11 Yes: 6

12 No: Hobbs, Lutz, Mohorovic, Taylor, T.

13 Excused: Sanchez

14 Absent: Kissner

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