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SENATE BILL 403

**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

INTRODUCED BY

Gabriel Ramos and James G. Townsend

AN ACT

RELATING TO INSURANCE; AMENDING THE NEW MEXICO INSURANCE CODE  
TO DEFINE AND PROHIBIT AN ADDITIONAL UNFAIR CLAIMS PRACTICE.

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

SECTION 1. Section 59A-16-20 NMSA 1978 (being Laws 1984,  
Chapter 127, Section 286, as amended) is amended to read:

"59A-16-20. UNFAIR CLAIMS PRACTICES DEFINED AND  
PROHIBITED.--Any [~~and all~~] of the following practices with  
respect to claims, by an insurer or other person, knowingly  
committed or performed with such frequency as to indicate a  
general business practice are defined as unfair and deceptive  
practices and are prohibited:

A. misrepresenting to insureds pertinent facts or  
policy provisions relating to coverages at issue;

B. failing to acknowledge and act reasonably

underscoring material = new  
~~[bracketed material] = delete~~

1 promptly upon communications with respect to claims from  
2 insureds arising under policies;

3 C. failing to adopt and implement reasonable  
4 standards for the prompt investigation and processing of  
5 insureds' claims arising under policies;

6 D. failing to affirm or deny coverage of claims of  
7 insureds within a reasonable time after proof of loss  
8 requirements under the policy have been completed and submitted  
9 by the insured;

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

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

16 G. compelling insureds to institute litigation to  
17 recover amounts due under policy by offering substantially less  
18 than the amounts ultimately recovered in actions brought by  
19 such insureds when such insureds have made claims for amounts  
20 reasonably similar to amounts ultimately recovered;

21 H. attempting to settle a claim by an insured for  
22 less than the amount to which a reasonable person would have  
23 believed ~~[he]~~ the insured was entitled by reference to written  
24 or printed advertising material accompanying or made part of an  
25 application;

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underscoring material = new  
~~[bracketed material] = delete~~

1 I. attempting to settle claims on the basis of an  
2 application that was altered without notice to, or knowledge or  
3 consent of, the insured [~~his~~] or the insured's representative,  
4 agent or broker;

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

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

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

18 M. failing to settle an insured's claims promptly  
19 where liability has become apparent under one portion of the  
20 policy coverage in order to influence settlement under other  
21 portions of the policy coverage;

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

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