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FISCAL IMPACT REPORT

SPONSOR: Martinez DATE TYPED: 01/30/01 HB 117
 SHORT TITLE: Certified Motor Vehicle Liability Policy SB _____
 ANALYST: Rael

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		See Narrative	Recurring	General Fund

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

This bill creates a new section of the Mandatory Financial Responsibility Act to mandate coverage for both permissive drivers of an insured car and an insured driver of any other car not owned by him. The bill creates policy limits of \$25. for bodily injury or death per person; \$50. for bodily injury or death for two or more persons per accident; and \$10. for property damage.

The following provisions apply to the policy: 1) liability is absolute and cannot be canceled after the occurrence of injury or damage; 2) satisfaction of any judgment by the insured shall not be a condition of payment by the insurance company; 3) settlement may be made in good faith; 4) the policy, application and any rider or endorsement that does not conflict with the act shall constitute the entire contract between the parties.

A policy may be endorsed to eliminate a named driver.

Significant Issues

The bill adds sections to the Mandatory Financial Responsibility Act to require insurance coverage for both the vehicle and the owner, even when the vehicle is driven by another person with the permission of the owner and when the owner is driving another vehicle not owned by him.

FISCAL IMPLICATIONS

While this bill appears to have no impact on the actual policies and practices of insurance companies in New Mexico, it may be read to expand mandatory financial responsibility. If New Mexico drivers are required to assume financial responsibility for an expanded articulation of situations, we might expect that a larger number of accidents will be covered by insurance. This in turn may decrease the necessity of state medical related expenditures for indigent people involved in accidents.

This bill makes no appropriations.

FAR/sb