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HOUSE BILL 532

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

INTRODUCED BY

Daniel P. Silva

AN ACT

RELATING TO MOTOR VEHICLE INSURANCE; PROVIDING THAT MOTOR VEHICLE INSURERS SHALL, AFTER DECEMBER 31, 2005, OFFER THE VEHICLE-MILE EXPOSURE UNIT AS AN ALTERNATIVE TO THE VEHICLE-YEAR EXPOSURE UNIT FOR DRIVING COVERAGES; PROVIDING FOR A VOLUNTARY PHASE-IN; 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- - VEHICLE-MILE EXPOSURE UNIT AUTHORIZED- - ADDITIONAL DUTIES FOR SUPERINTENDENT. - -

A. As used in this section:

(1) "vehicle-mile exposure unit" means a unit

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1 of exposure that is one mile of coverage of the insured motor
2 vehicle; and

3 (2) "vehicle-year exposure unit" means a unit
4 of exposure that is one year of coverage of the insured motor
5 vehicle.

6 B. An authorized insurer that, after December 31,
7 2005, delivers, issues or renews a policy of motor vehicle
8 insurance shall offer each person who purchases motor vehicle
9 insurance from that insurer a choice for the same class and
10 coverage between the vehicle-mile exposure unit for coverage
11 for losses caused by collision or other driving-related
12 accidents and the vehicle-year exposure unit for all coverages.
13 The insurer may require a person purchasing insurance to use
14 the same exposure unit applied to driving coverages for all
15 vehicles covered under the person's motor vehicle insurance
16 policy.

17 C. Prior to January 1, 2006, an authorized insurer
18 that delivers, issues or renews policies of motor vehicle
19 insurance may phase in the implementation of the requirement of
20 Subsection B of this section by offering the choice between the
21 vehicle-mile exposure unit and the vehicle-year exposure unit
22 on a county-by-county basis; provided that, for each county
23 selected by the insurer for implementation of the vehicle-mile
24 exposure unit, the insurer shall offer the choice of that
25 exposure unit to each of the insurer's policyholders or

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1 applicants for motor vehicle insurance that reside in that
2 county.

3 D. In approving or disapproving rates filed
4 pursuant to the Insurance Code, the superintendent shall exempt
5 from regulation each cents-per-vehicle-mile rate offered as an
6 alternative to each dollars-per-vehicle-year rate that has been
7 approved. In reporting incurred losses and earned premiums, an
8 insurer shall separately report experience based on use of the
9 vehicle-mile exposure unit and the vehicle-year exposure unit.

10 E. The superintendent shall:

11 (1) compile information concerning:

12 (a) the number of motor vehicle
13 insurance policies using the vehicle-mile exposure unit;

14 (b) the geographic areas of this state
15 in which the vehicle-mile exposure unit is used; and

16 (c) the cents-per-vehicle-mile premium
17 rates compared to their matching dollars-per-vehicle-year
18 premium rates;

19 (2) analyze the effect of the vehicle-mile
20 exposure unit on:

21 (a) rates offered for motor vehicle
22 insurance based on the vehicle-year exposure unit; and

23 (b) the number of uninsured motor
24 vehicles; and

25 (3) adopt such rules as are necessary to

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1 implement and effectively administer the vehicle-mile exposure
2 unit, including rules regarding:

- 3 (a) prepayment arrangements;
- 4 (b) renewal procedures;
- 5 (c) proof of financial responsibility;
- 6 (d) auditing of the odometer readings of

7 vehicles for the purpose of determining whether coverage is in
8 force;

- 9 (e) the inclusion of the vehicle-mile
10 exposure unit in assigned risk plans developed pursuant to the
11 Motor Vehicle Assigned Risks Law; and

- 12 (f) policy forms. "