

LFC Requester:

Julisa Rodriguez

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/31/2025

Check all that apply:

Bill Number: SB 215

Original X Correction
Amendment Substitute

Sponsor: Sen. Leo Jaramillo

Agency Name and Code Number: 305 - New Mexico Department of Justice

Short Title: Coverage for Certain Insurance Risks

Person Writing Analysis: Eric Orona, ASG
Phone: 505-537-7676
Email: legisfir@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Table with columns: Appropriation (FY25, FY26), Recurring or Nonrecurring, Fund Affected

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Table with columns: Estimated Revenue (FY25, FY26, FY27), Recurring or Nonrecurring, Fund Affected

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

SB 215 would amend NMSA 1978, Section 59A-18-17 (2007) to require that insurance contracts include language clarifying what happens when a loss is caused by a combination of a covered and a specifically excluded risk. Such a loss would be covered where the covered risk was the efficient proximate cause of the loss. A loss would not be covered where the covered risk was only a remote cause of the loss. This has also been referred to as the “efficient proximate causation doctrine.”

It appears that New Mexico has neither adopted nor rejected the efficient proximate cause doctrine to address fault in tort cases. *See Magallanes v. Farmers Ins. Co. of Arizona*, A-1-CA-34135, mem. op. ¶ 1 (N.M. Ct. App. April 12, 2016) (non-precedential) (reflecting that the plaintiff argued that New Mexico should apply the efficient proximate cause doctrine but declining to address that argument because the case was dispositive on a separate issue); *see also Naabani Twin Stars, LLC v. Travelers Companies, Inc.*, 497 F.Supp.3d 1011, 1020-21 (D.N.M. 2020) (concluding that “New Mexico has not adopted the efficient proximate cause doctrine as a matter of public policy.”). The bill would functionally adopt the doctrine by requiring contracts to provide for it.

**FISCAL IMPLICATIONS**

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

**SIGNIFICANT ISSUES**

None.

**PERFORMANCE IMPLICATIONS**

N/A

**ADMINISTRATIVE IMPLICATIONS**

N/A

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A

**TECHNICAL ISSUES**

None.

**OTHER SUBSTANTIVE ISSUES**

N/A

**ALTERNATIVES**

N/A

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Status quo.

**AMENDMENTS**

N/A