

This rule was filed as 13 NMAC 7.2.

TITLE 13 INSURANCE
CHAPTER 7 INSURANCE TRADE PRACTICES AND FRAUDS
PART 2 FREEDOM TO CHOOSE INSURANCE COMPANY AND INSURANCE
PROFESSIONAL

13.7.2.1 ISSUING AGENCY: New Mexico State Corporation Commission [Public Regulation Commission], Department of Insurance, P.O. Box 1269, Santa Fe, New Mexico 87504-1269.
[7/1/97; Recompiled 11/30/01]

13.7.2.2 SCOPE: This rule applies to any person engaged in selling real or personal property, or in the business of financing the purchase of real or personal property, or of lending money on the security of real or personal property.
[7/1/97; Recompiled 11/30/01]

13.7.2.3 STATUTORY AUTHORITY: Sections 59A-2-9 and 59A-16-14 NMSA 1978.
[7/1/97; Recompiled 11/30/01]

13.7.2.4 DURATION: Permanent
[7/1/97; Recompiled 11/30/01]

13.7.2.5 EFFECTIVE DATE: July 1, 1997, unless a later date is cited at the end of a section or paragraph.
[7/1/97; Recompiled 11/30/01]
[Compiler's note: The words *or paragraph*, above, are no longer applicable. Later dates are now cited only at the end of sections, in the history notes appearing in brackets.]

13.7.2.6 OBJECTIVE: The purpose of this rule is to protect borrowers and purchasers from being required to purchase insurance from a particular insurance company or insurance professional as a condition to receiving a loan or mortgage by promulgating the form of notice required by Section 59A-16-14 NMSA 1978.
[7/1/97; Recompiled 11/30/01]

13.7.2.7 DEFINITIONS: [RESERVED]

13.7.2.8 NOTICE REQUIRED: The following form shall be used to give the notice of rights required by Section 59A-16-14 NMSA 1978:

**FREEDOM TO CHOOSE
INSURANCE COMPANY AND INSURANCE PROFESSIONAL**

The undersigned person hereby acknowledges that I have been informed by (individual's name) on behalf of (name of lender) that, although I may be required by the seller or lender to purchase insurance to cover the property that is being used as security for the loan, I may purchase that insurance from the insurance company or agent of my choice, and cannot be required by the seller or lender, as a condition of the sale or loan, to purchase or renew any policy of insurance covering the property through any particular insurance company, agent, solicitor, or broker. I hereby acknowledge receipt of a true copy of this notice on the ____ day of _____, ____.

(Signature of Purchaser or Borrower)
[7/1/97; Recompiled 11/30/01]

13.7.2.9 AUTHORIZATION FOR LENDER TO OBTAIN INSURANCE:
The following form shall be used when the borrower or purchaser, after signing the form required by 13 NMAC 7.2.8 [now 13.7.2.8 NMAC], nevertheless chooses to authorize the lender to purchase the required coverages:

AUTHORIZATION FOR LENDER TO OBTAIN INSURANCE

Although (name of lender) will accept suitable insurance policies to protect our respective interests in the property used as security for the loan through my choice of any agent of any insurance company licensed in New Mexico, I have elected to authorize (name of lender) to purchase insurance coverage for our joint protection, and I hereby authorize (name of lender) to obtain from any insurance company licensed in New Mexico or any of its agents the following insurance policies, until such time as I rescind this authorization or supply a substitute or replacement policy:

DECLARATIONS FOR POLICIES OF INSURANCE

Name of Purchaser or Borrower: _____

Address: _____

Name of Mortgagee/Lienholder: _____

Address: _____

Name of Contingent Beneficiary, if any: _____

Address: _____

Name of Insurance Company: _____

<u>COVERAGES</u>	<u>PREMIUMS</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____

[7/1/97; Recompiled 11/30/01]

HISTORY OF 13.7.2 NMAC:

Pre-NMAC History: The material in this rule was originally filed with the State Records Center as part of ID 67-1, New Mexico Official Administrative Rules and Regulations Code, filed 12/1/67; the original effective date of the rule was May 10, 1966.

History of Repealed Material: [RESERVED]