

This rule was filed as 13 NMAC 7.4.

**TITLE 13       INSURANCE**  
**CHAPTER 7     INSURANCE TRADE PRACTICES AND FRAUDS**  
**PART 4         CATASTROPHIC CLAIMS**

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

**13.7.4.2       SCOPE:** This rule applies to catastrophic claim settlement practices, as defined herein.  
[9/15/93; Recompiled 11/30/01]

**13.7.4.3       STATUTORY AUTHORITY:** Sections 59A-2-9, 59A-3-6 and 59A-16-20 NMSA 1978.  
[9/15/93; Recompiled 11/30/01]

**13.7.4.4       DURATION:** Permanent.  
[7/1/97; Recompiled 11/30/01]

**13.7.4.5       EFFECTIVE DATE:** September 15, 1993, unless a later date is cited at the end of a section or paragraph. Repromulgated in NMAC format effective July 1, 1997.  
[9/15/93, 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[Compiler's note: The words *or paragraph*, above, are no longer applicable.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.]

**13.7.4.6       OBJECTIVE:** This rule establishes definitions and procedures for implementing Section 59A-16-20 NMSA 1978 requiring all catastrophic claims to be settled within a 90 day period after the assignment of a catastrophic claim number.  
[9/15/93; Recompiled 11/30/01]

**13.7.4.7       DEFINITIONS:**

A.       **"Catastrophe"** means a disaster or accident or series of disasters or accidents arising out of a single event that results in at least 1,000 claims against insurers, results in total insured losses in excess of \$5,000,000 and takes place within a period of 72 consecutive hours.

B.       **"Catastrophic claim"** means a property insurance claim or a vehicle physical damage insurance claim directly resulting from a catastrophe. A catastrophic claim does not include a claim for injury or death to a human, liability for loss or damage to another, loss of use of property or a vehicle, loss of earnings or other loss or damage consequential to a catastrophe.

C.       **"Catastrophic claims bureau"** means an organization appointed by the superintendent to gather information relating to catastrophic claims, to recommend the declaration of catastrophes and assignment of catastrophic claim numbers.

D.       **"Claims settlement"** means an agreement between an insurer and claimant as to the amount of money owed to the claimant on a particular claim.

E.       **"Late reported claim"** means a catastrophic claim reported to an insurer after a catastrophe has been declared.

[9/15/93; Recompiled 11/30/01]

**13.7.4.8       CATASTROPHIC CLAIMS SETTLEMENT PRACTICES:**

A.       The superintendent may designate a catastrophic claims bureau to make recommendations to the superintendent concerning the declaration of catastrophes and assignment of catastrophic claim numbers.

B.       The superintendent may require insurers to become members or subscribers of the catastrophic claims bureau. The superintendent may require insurers to report information concerning each catastrophic claim to the catastrophic claims bureau.

C. Insurers shall settle each catastrophic claim within a ninety-day period after a catastrophe has been declared by the superintendent, provided the claim is not a late reported claim. Insurers shall settle each late reported claim within a ninety-day period after the late reported claim is reported to the insurer.

D. An insurer's obligation to settle a catastrophic claim within a ninety-day period after a catastrophe has been declared shall be tolled during the pendency of any of the following events:

- (1) the claim is being investigated for fraud;
- (2) the insurer is unable to obtain necessary information regarding the nature of the claim; or
- (3) litigation has commenced.

[9/15/93; Recompiled 11/30/01]

**13.7.4.9 GENERAL PENALTY:** In addition to any other penalty provided by law or regulation, violation of the provisions of this regulation is subject to penalties for violation of the Insurance Code.

[9/15/93; Recompiled 11/30/01]

**HISTORY OF 13.7.4 NMAC:**

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center: SCC 93-2 IN, Catastrophic Claims (Regulation 16, Rule 1), filed 8/6/93.

History of Repealed Material: [RESERVED]