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### Rejection of Underinsured Insurance Coverage is No Good Unless Attached to the Policy

December 7, 2009, by [Collins & Collins](#)

The New Mexico Court of Appeals has made clear the requirements for a valid rejection of [uninsured and underinsured insurance coverage](#). The Court ruled in *Arias v. Phoenix Indemnity* that to be valid, the insured must sign a written rejection of the coverage. This is not new. However, the Court went further to state the signed rejection of uninsured and underinsured coverage must also be attached to the auto insurance policy to be valid.

*Arias v. Phoenix Indemnity* involved circumstances where the insured had in fact signed the written rejection of uninsured and underinsured coverage. The rejection was signed during the application process. There was no dispute that the Plaintiff had signed the rejection. Moreover, there was no disputing the fact that the Plaintiff had received a copy of the signed rejection during the application process. It established that a copy of the signed rejection was given to the Plaintiff along with copy of the application for insurance. However, the signed rejection was not attached to the policy itself. The Court in *Arias v. Phoenix Indemnity* found this omission sufficient to invalidate the rejection.

This case points out the importance of uninsured and underinsured motorist coverage. The case emphasizes the hurdles an insurer must clear prior to waiver of this coverage. It also makes clear the value of this insurance in the very fact that the insurer must jump through so many hoops to avoid coverage and a fee thereon. Insurers are not known for dodging income. The fact that they often do so in the case of uninsured and underinsured coverage should suggest the value of the coverage to the insured.

In fact, uninsured/underinsured coverage is often the only protection a driver will have in an auto accident. New Mexico's has the highest rate of uninsured motorists in the country currently at 29% and climbing. Many more are grossly underinsured in [inadequate insurance policy limits](#) to cover a serious accident. In the end, an injured driver will often have no recourse to liability insurance and no recourse against the driver since you cannot get blood out of turnip as they say.

New Mexico has like many states a long-standing policy of goal of protecting the public against the harms of uninsured and underinsured motorists. The policy is set forth in the statutes, and has been set out repeatedly in case law setting ever increasing obstacles to the attempts of insurers to avoid this coverage beginning with *Romero v. Dairyland* where the Court stated flatly that the rejection of uninsured and underinsured coverage defeats this important public policy.

*Arias v. Phoenix Indemnity* is simply an expansion of the long standing public policies set forth in *Romero v. Dairyland*. The rejection uninsured/underinsured coverage is so important and

potentially disastrous to the insured that the rejection must be made attached to the policy itself. The insured must be given every opportunity to avoid what may turn out to be a fairly costly mistake.

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[Notice Requirements in New Mexico Uninsured/Underinsured Motorist Cases](#)

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