

House Engrossed Senate Bill

State of Arizona  
Senate  
Forty-sixth Legislature  
First Regular Session  
2003

CHAPTER 120

# SENATE BILL 1265

AN ACT

AMENDING SECTION 20-1652, ARIZONA REVISED STATUTES; RELATING TO INSURANCE  
POLICIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1652, Arizona Revised Statutes, is amended to  
3 read:

4 20-1652. Grounds for valid notice of cancellation

5 A. After a policy has been in effect for sixty days or, if the policy  
6 is a renewal, effective immediately, no notice of cancellation may be  
7 effective unless it is based on the occurrence, after the effective date of  
8 the policy, of one or more of the following:

9 1. Nonpayment of premium.

10 2. Conviction of the named insured of a crime arising out of acts  
11 increasing the hazard insured against.

12 3. Acts or omissions by the insured or ~~his~~ THE INSURED'S  
13 representative constituting fraud or material misrepresentation in obtaining  
14 the policy, continuing the policy, or presenting a claim under the policy.

15 4. Discovery of grossly negligent acts or omissions by the insured  
16 substantially increasing any of the hazards insured against.

17 5. Substantial change in the risk assumed by the insurer, since the  
18 policy was issued, except to the extent that the insurer should reasonably  
19 have foreseen the change or contemplated the risk in writing the contract.

20 6. A determination by the director of insurance that the continuation  
21 of the policy would place the insurer in violation of the insurance laws of  
22 this state.

23 7. Failure of the insured to take reasonable steps to eliminate or  
24 reduce any conditions in or on the insured premises ~~which~~ THAT contributed  
25 to a loss in the past or will increase the probability of future losses.

26 B. In the event of nonrenewal based on condition of the premises, the  
27 insured shall be given thirty days' notice to remedy the identified  
28 conditions. In the event that the identified conditions are remedied,  
29 coverage shall be renewed. In the event that the identified conditions are  
30 not satisfactorily remedied, the insured shall be given an additional thirty  
31 days, upon payment of premium, to cure the defective condition. Any insured  
32 who believes nonrenewal under this subsection is arbitrary or capricious may  
33 utilize the appeal procedures set forth in section 20-1633.

34 C. IF AN INSURER USES FOR UNDERWRITING PURPOSES INFORMATION FROM A  
35 REPORT PROVIDED BY, OR DATA BASE MAINTAINED BY, AN INSURANCE SUPPORT  
36 ORGANIZATION, AS DEFINED IN SECTION 20-2102, OR CONSUMER REPORTING AGENCY,  
37 AS DEFINED IN SECTION 20-2102, RELATED TO THE PREMISES THAT IS THE SUBJECT  
38 OF THE APPLICATION OR TO THE PERSON APPLYING FOR INSURANCE, THE INSURER SHALL  
39 OBTAIN THAT INFORMATION AS SOON AS PRACTICABLE ON APPLICATION BY A PERSON FOR  
40 INSURANCE COVERAGE AND BEFORE THE ISSUANCE OF A BINDER OF INSURANCE  
41 COVERAGE. FAILURE OF THE INSURER TO TIMELY OBTAIN THE INFORMATION REQUIRED  
42 BY THIS SUBSECTION PRECLUDES THE INSURER FROM DECLINING INSURANCE COVERAGE  
43 OR TERMINATING A BINDER OF INSURANCE COVERAGE BASED ON THE INFORMATION. THIS  
44 SUBSECTION DOES NOT APPLY TO A POLICY RENEWAL.

45 D. THIS SECTION DOES NOT AFFECT THE PROVISIONS OF SECTION 20-1120.

1 E. AFTER THIRTY DAYS FROM THE APPLICATION BY AN INSURED FOR INSURANCE  
2 COVERAGE, NO DECLINATION OR TERMINATION OF INSURANCE COVERAGE SHALL BE BASED  
3 ON INFORMATION FROM A CONSUMER REPORT, INCLUDING A CONSUMER REPORT PROVIDED  
4 BY, OR DATA BASE MAINTAINED BY, AN INSURANCE SUPPORT ORGANIZATION, AS DEFINED  
5 IN SECTION 20-2102, OR CONSUMER REPORTING AGENCY, AS DEFINED IN SECTION  
6 20-2102, RELATED TO THE PREMISES THAT IS THE SUBJECT OF THE APPLICATION OR  
7 TO THE PERSON APPLYING FOR INSURANCE. NOTWITHSTANDING ANY OTHER LAW, AN  
8 INSURER MAY DECLINE OR TERMINATE INSURANCE COVERAGE BASED ON THE CONDITION  
9 OF THE PREMISES AS DETERMINED THROUGH A PHYSICAL INSPECTION OF THE PREMISES.

10 Sec. 2. Effective date

11 Section 20-1652, Arizona Revised Statutes, as amended by this act, is  
12 effective from and after December 31, 2003.

APPROVED BY THE GOVERNOR APRIL 28, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 28, 2003.

Passed the House March 31, 20 03,

Passed the Senate March 4, 20 03,

by the following vote: 54 Ayes,

by the following vote: 29 Ayes,

5 Nays, 1 Not Voting

0 Nays, 1 Not Voting

Jake Flake  
Speaker of the House  
Cheryl Laube  
Asst. Chief Clerk of the House

Ken Bennett  
President of the Senate  
Norma Chastain  
Asst. Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

S.B. 1265

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

SENATE CONCURS IN HOUSE AMENDMENTS  
AND FINAL PASSAGE

Passed the Senate April 22, 2003

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

[Signature]  
President of the Senate  
[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

22 day of April, 2003

at 3:27 o'clock P M.

[Signature]  
Secretary to the Governor

Approved this 28 day of

April, 2003,

at 3<sup>30</sup> o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 28 day of April, 2003,

at 4:51 o'clock P M.

[Signature]  
Secretary of State

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