

House Engrossed Senate Bill

**FILED**

**KEN BENNETT  
SECRETARY OF STATE**

State of Arizona  
Senate  
Fiftieth Legislature  
First Regular Session  
2011

CHAPTER 327

# **SENATE BILL 1567**

AN ACT

AMENDING SECTIONS 20-1674, 20-1676 AND 20-1677, ARIZONA REVISED STATUTES;  
RELATING TO INSURANCE NOTICES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-1674, Arizona Revised Statutes, is amended to  
3 read:

4 20-1674. Notice of cancellation

5 A. No cancellation under section 20-1673 is effective unless the  
6 insurer mails a copy of the notice of cancellation to the insured's agent and  
7 written notice of the cancellation is mailed by certified mail to the named  
8 insured at the address shown in the policy or to the last known address of  
9 the insured at least ~~sixty~~ FORTY-FIVE days before the effective date of the  
10 cancellation, except that, if cancellation is for nonpayment of premium, at  
11 least ten days' notice of cancellation must be given. The notice must state  
12 the specific facts which constitute the grounds set forth in section 20-1673  
13 which are relied on.

14 B. The notice of cancellation shall be accompanied by a refund of  
15 unearned premium, except a premium that has been financed.

16 Sec. 2. Section 20-1676, Arizona Revised Statutes, is amended to read:

17 20-1676. Notice of nonrenewal

18 A. This article does not apply to the nonrenewal of insurance policies  
19 except as provided in subsection B.

20 B. No nonrenewal of any policy of insurance to which this article  
21 applies is effective unless the insurer mails a copy of the notice of  
22 nonrenewal to the insured's agent and mails by certified mail written notice  
23 to the named insured, at the address shown in the policy or to the last known  
24 address of the insured, at least ~~sixty~~ FORTY-FIVE days before the end of the  
25 policy period, of its intention not to renew the policy. The transfer of a  
26 policyholder between companies within the same insurance group or changes in  
27 deductibles, premium, amount of insurance or coverage are not refusals to  
28 renew.

29 C. Notice of nonrenewal is not required if either of the following  
30 occurs:

31 1. The insurer or a company within the same insurance group has  
32 offered to issue a renewal policy.

33 2. The named insured has obtained replacement coverage or has agreed  
34 in writing to obtain replacement coverage.

35 D. If an insurer provides the notice described in subsection B and the  
36 insurer subsequently extends the policy for ninety days at the request of the  
37 policyholder, an additional notice of nonrenewal is not required with respect  
38 to the extension.

39 E. If the notice of nonrenewal is mailed less than ~~sixty~~ FORTY-FIVE  
40 days before expiration, the coverage shall remain in effect until ~~sixty~~  
41 FORTY-FIVE days after the notice is mailed. Earned premium for any period of  
42 coverage that extends beyond the expiration date shall be considered pro rata  
43 based upon the previous year's rate.

1           Sec. 3. Section 20-1677, Arizona Revised Statutes, is amended to read:  
2           20-1677. Notice of premium or coverage changes  
3           A. An insurer shall mail or deliver to the named insured at the  
4 mailing address shown on the policy written notice of premium increase,  
5 change in deductible or reduction in limits or substantial reduction in  
6 coverage at least ~~sixty~~ THIRTY days before the expiration date of the  
7 policy. If the insurer fails to provide the ~~sixty~~ THIRTY days' notice, the  
8 coverage provided to the named insured remains in effect until notice is  
9 given or until the effective date of replacement coverage obtained by the  
10 named insured, whichever occurs first.  
11           B. Notice is considered given ~~sixty~~ THIRTY days following the date of  
12 mailing or delivery of the notice. If the insured elects not to renew, any  
13 earned premium for the period of extension of the terminated policy shall be  
14 calculated pro rata at the lower of the current or previous year's rate. If  
15 the insured accepts the renewal, the premium increase, if any, and other  
16 changes are effective the day following the prior policy's expiration or  
17 anniversary date.  
18           C. FOR THE PURPOSES OF THIS SECTION, NOTICE SHALL BE CONSIDERED GIVEN  
19 IF AN INSURER DELIVERS NEW POLICY TERMS AND CONDITIONS THIRTY DAYS BEFORE THE  
20 EXPIRATION DATE OF THE POLICY.

APPROVED BY THE GOVERNOR APRIL 28, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 29, 2011.

Passed the House April 18, 2011,

by the following vote: 49 Ayes,

10 Nays, 1 Not Voting

[Signature]  
Speaker of the House

Cheryl Laube  
Chief Clerk of the House

Passed the Senate March 3, 2011,

by the following vote: 23 Ayes,

3 Nays, 7 Not Voting

[Signature]  
President of the Senate

Charmian Bellington  
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. 1567**

**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 19, 2011

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 received by the Governor this

20 day of April, 20 11

at 12:00 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 28<sup>th</sup> day of

April

at 5:25 o'clock P. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 29<sup>th</sup> day of April, 20 11

at 3:41 o'clock a M.

[Signature]  
Secretary of State

S.B. 1567