

House Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 58

HOUSE BILL 2329

AN ACT

AMENDING SECTIONS 20-1632, 20-1674 AND 20-1676, ARIZONA REVISED STATUTES;
RELATING TO CANCELLATION OR NONRENEWAL OF INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-1632, Arizona Revised Statutes, is amended to
3 read:

4 20-1632. Cancellation, nonrenewal and reduction of limits for
5 reasons other than nonpayment of premium; notices to
6 insured; refund of unearned premium

7 A. A notice by the insurer to the policyholder of nonrenewal,
8 cancellation or reduction in the limits of liability or coverage for reasons
9 other than nonpayment of premium shall be mailed to the named insured WITH
10 THE INSURER OBTAINING PROOF OF MAIL by UNITED STATES certified mail, ~~or~~
11 United States post office certificate of mailing OR FIRST CLASS MAIL USING
12 INTELLIGENT MAIL BARCODE OR ANOTHER SIMILAR TRACKING METHOD USED OR APPROVED
13 BY THE UNITED STATES POSTAL SERVICE at least ten days before the effective
14 date of ~~such~~ THE nonrenewal, cancellation or reduction in limits of liability
15 or coverage, except that notice of nonrenewal under section 20-1631,
16 subsection E shall be mailed at least forty-five days before the effective
17 date of the nonrenewal. The notice shall include or be accompanied by all of
18 the following:

19 1. A statement in writing of the specific facts that constitute the
20 reasons, consistent with section 20-1631, for such action by the insurer and
21 a notice indicating the named insured's right to complain to the director of
22 the insurer's action within ten days after receipt of the notice by the
23 insured.

24 2. Notice of the insured's possible eligibility for insurance through
25 the automobile assigned risk plan, and the notice shall state that all
26 information included in the notice is given pursuant to this article.

27 3. Except as provided in paragraph 4 of this subsection, a refund of
28 unearned premium. For the purposes of this paragraph, the insurer shall
29 either mail the notice and refund of unearned premium together at least ten
30 days before the effective date or mail the notice before the refund of
31 unearned premium if both the notice and the refund of unearned premium are
32 mailed separately to the insured at least ten days before the effective date.

33 4. In the case of a notice of cancellation or nonrenewal of a
34 policyholder whose premium payment is collected and remitted on the insurer's
35 behalf by the insurer's affiliate, the insurer shall refund any unearned
36 premium to the policyholder within ten days after the policy cancellation.
37 For the purposes of this paragraph, "affiliate" has the same meaning
38 prescribed in section 20-481.

39 B. Failure of the insurer to comply with subsection A of this section
40 shall invalidate any cancellation, nonrenewal or reduction in limits of
41 liability or coverage.

42 C. If a premium has been financed, a refund of unearned premium shall
43 be returned as provided in section 6-1416.

1 Sec. 2. Section 20-1674, Arizona Revised Statutes, is amended to read:
2 20-1674. Notice of cancellation

3 A. No cancellation under section 20-1673 is effective unless the
4 insurer mails OR ELECTRONICALLY DELIVERS, CONSISTENT WITH THE REQUIREMENTS OF
5 TITLE 44, CHAPTER 26, a copy of the notice of cancellation to the insured's
6 agent and written notice of the cancellation is mailed WITH THE INSURER
7 OBTAINING PROOF OF MAIL by UNITED STATES certified mail OR FIRST CLASS MAIL
8 USING INTELLIGENT MAIL BARCODE OR ANOTHER SIMILAR TRACKING METHOD USED OR
9 APPROVED BY THE UNITED STATES POSTAL SERVICE to the named insured at the
10 address shown in the policy or to the last known address of the insured at
11 least forty-five days before the effective date of the cancellation, except
12 that, if cancellation is for nonpayment of premium, at least ten days' notice
13 of cancellation must be given. The notice must state the specific facts
14 which THAT constitute the grounds set forth in section 20-1673 which THAT are
15 relied on.

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

18 Sec. 3. Section 20-1676, Arizona Revised Statutes, is amended to read:
19 20-1676. Notice of nonrenewal

20 A. This article does not apply to the nonrenewal of insurance policies
21 except as provided in subsection B OF THIS SECTION.

22 B. No nonrenewal of any policy of insurance to which this article
23 applies is effective unless the insurer mails OR ELECTRONICALLY DELIVERS,
24 CONSISTENT WITH THE REQUIREMENTS OF TITLE 44, CHAPTER 26, a copy of the
25 notice of nonrenewal to the insured's agent and mails WITH THE INSURER
26 OBTAINING PROOF OF MAIL by UNITED STATES certified mail OR FIRST CLASS MAIL
27 USING INTELLIGENT MAIL BARCODE OR ANOTHER SIMILAR TRACKING METHOD USED OR
28 APPROVED BY THE UNITED STATES POSTAL SERVICE written notice to the named
29 insured, at the address shown in the policy or to the last known address of
30 the insured, at least forty-five days before the end of the policy period, of
31 its intention not to renew the policy. The transfer of a policyholder
32 between companies within the same insurance group or changes in deductibles,
33 premium, amount of insurance or coverage are not refusals to renew.

34 C. Notice of nonrenewal is not required if either of the following
35 occurs:

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

38 2. The named insured has obtained replacement coverage or has agreed
39 in writing to obtain replacement coverage.

40 D. If an insurer provides the notice described in subsection B OF THIS
41 SECTION and the insurer subsequently extends the policy for ninety days at
42 the request of the policyholder, an additional notice of nonrenewal is not
43 required with respect to the extension.

1 E. If the notice of nonrenewal is mailed less than forty-five days
2 before expiration, the coverage shall remain in effect until forty-five days
3 after the notice is mailed. Earned premium for any period of coverage that
4 extends beyond the expiration date shall be considered pro rata based ~~upon~~ ON
5 the previous year's rate.

APPROVED BY THE GOVERNOR APRIL 16, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2014.

Passed the House February 10, 2014

Passed the Senate April 15, 2014

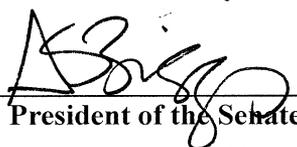
by the following vote: 59 Ayes,

by the following vote: 29 Ayes,

1 Nays, 0 Not Voting

0 Nays, 1 Not Voting



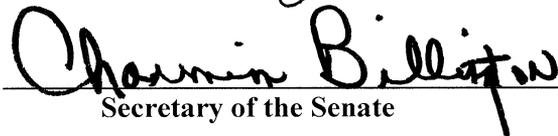


Speaker of the House

President of the Senate

Pro Tempore





Chief Clerk of the House

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

16 day of April, 2014

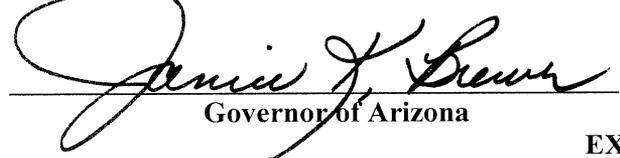
at 11:50 o'clock A M.


Secretary to the Governor

Approved this 16th day of

April

at 2:36 o'clock P M.


Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 17th day of April, 2014

at 8:12 o'clock a M.


Secretary of State

H.B. 2329