

REFERENCE TITLE: **insurance; assignment of claims**

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

SB 1226

Introduced by
Senator Livingston

AN ACT

AMENDING SECTION 20-1122, ARIZONA REVISED STATUTES; RELATING TO INSURANCE CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-1122, Arizona Revised Statutes, is amended to
3 read:

4 20-1122. Assignment of policies; valid assignment of property
5 or casualty claims; assignment for direct payment
6 of property or casualty claims

7 A. A policy may be assignable or not assignable, as provided by its
8 terms. Subject to its terms relating to assignability, any life or
9 disability policy, when issued, under the terms of which the beneficiary
10 may be changed ~~upon~~ ON the sole request of the insured, may be assigned
11 either by pledge or transfer of title, ~~OR~~ OR by an assignment executed by
12 the insured alone and delivered to the insurer, whether or not the pledgee
13 or assignee is the insurer. Any such assignment ~~shall entitle~~ ENTITLES
14 the insurer to deal with the assignee as the owner or pledgee of the
15 policy in accordance with the terms of the assignment until the insurer
16 ~~has received~~ RECEIVES at its home office written notice of termination of
17 the assignment or pledge, or written notice by or on behalf of some other
18 person claiming some interest in the policy in conflict with the
19 assignment.

20 B. AFTER A LOSS HAS OCCURRED, A VALID ASSIGNMENT OF A PROPERTY OR
21 CASUALTY CLAIM IS ONE THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

22 1. THE INSURED FILES A CLAIM FOR COVERAGE WITH THE INSURER.

23 2. AFTER A CLAIM HAS BEEN FILED, THE INSURED NOTIFIES THE INSURER
24 OF THE PROPOSED ASSIGNMENT OF CLAIM WITHIN THREE DAYS AFTER SIGNING THE
25 ASSIGNMENT AGREEMENT AND PROVIDES THE INSURER WITH A COPY OF THE PROPOSED
26 ASSIGNMENT AGREEMENT, AN INITIAL ESTIMATE OF THE SERVICES OR REPAIRS TO BE
27 PROVIDED AND A DESCRIPTION OR SUMMARY OF THE SERVICES OR REPAIRS TO BE
28 PROVIDED.

29 3. IF THE CLAIM INVOLVES DAMAGE TO A VEHICLE, THE INSURED COMPLIES
30 WITH THE REQUIREMENTS OF SECTION 20-271. IF THE CLAIM INVOLVES DAMAGE TO
31 REAL PROPERTY, THE INSURED SHALL NOTIFY ANY MORTGAGEE OF THE PROPOSED
32 ASSIGNMENT.

33 4. THE PROPOSED ASSIGNEE OF THE CLAIM PROVIDES A FORM OF ASSIGNMENT
34 AGREEMENT TO THE INSURED THAT DISCLOSES THE KEY PROVISIONS OF THE
35 CONTRACT, INCLUDING THE FOLLOWING PROVISIONS, WHICH MUST BE IN AT LEAST
36 FOURTEEN-POINT FONT AND WHICH MUST EACH BE SEPARATELY ACKNOWLEDGED BY THE
37 INSURED:

38 (a) WHETHER THE INSURED REMAINS LIABLE FOR ANY COSTS NOT COVERED BY
39 THE INSURANCE POLICY.

40 (b) THE INTEREST RATE, IF ANY, THAT WILL BE CHARGED TO THE INSURED
41 IN THE EVENT OF A DELAY IN PAYMENT BY THE INSURED FOLLOWING RECEIPT OF
42 PAYMENT BY THE INSURER.

43 (c) THAT THE INSURED HAS A FIVE-DAY RIGHT OF RESCISSION TO
44 TERMINATE THE ASSIGNMENT. THE FIVE-DAY PERIOD COMMENCES ON THE DAY THE
45 INSURED SIGNS THE ASSIGNMENT AGREEMENT.

1 (d) THAT THE ASSIGNMENT AGREEMENT DOES NOT REQUIRE THE INSURED TO
2 INDEMNIFY THE ASSIGNEE AGAINST ANY CLAIMS ARISING OUT OF THE ASSIGNEE
3 PROVIDING SERVICES OR REPAIRS.

4 (e) WHETHER THE ASSIGNMENT AUTHORIZES THE ASSIGNEE TO SUE THE
5 INSURER ON THE INSURED'S BEHALF.

6 5. THE ASSIGNEE NOTIFIES THE INSURER OF THE ASSIGNMENT WITHIN THREE
7 DAYS AFTER THE CONCLUSION OF THE RESCISSION PERIOD AND PROVIDES THE
8 INSURER WITH AN ITEMIZED STATEMENT OF THE COSTS OR CHARGES FOR THE
9 SERVICES OR REPAIRS TO BE PROVIDED. THE ASSIGNEE SHALL ALSO PROVIDE A
10 COPY OF THE NOTIFICATION AND STATEMENT TO THE INSURED.

11 6. THE ASSIGNEE, THE INSURED AND THE ASSIGNMENT AGREEMENT COMPLY
12 WITH ANY REQUIREMENTS OR LIMITATIONS IN THE INSURANCE POLICY, INCLUDING
13 PROOF OF LOSS, DUTIES AFTER LOSS, INSPECTION, COOPERATION, INVESTIGATION,
14 APPRAISAL AND ARBITRATION PROVISIONS.

15 7. THE ASSIGNEE FOLLOWS ANY PROCEDURES OR REQUIREMENTS SET FORTH IN
16 THE POLICY IN ORDER TO EXERCISE ANY RIGHTS ASSIGNED BY THE INSURED,
17 INCLUDING ANY MANDATORY NOTIFICATION PERIODS BEFORE INITIATING LITIGATION.
18 IF THE ASSIGNMENT AUTHORIZES THE ASSIGNEE TO SUE THE INSURER, THE ASSIGNEE
19 MUST PROVIDE NOTICE TO THE INSURED NOT LESS THAN FIFTEEN DAYS BEFORE
20 COMMENCING LITIGATION AGAINST THE INSURER.

21 8. THE ASSIGNMENT DOES NOT PREVENT OR INHIBIT AN INSURER FROM
22 COMMUNICATING WITH THE INSURED, ANY LIENHOLDER OR ANY MORTGAGEE LISTED ON
23 THE DECLARATIONS PAGE OF THE INSURANCE POLICY THAT IS THE SUBJECT OF THE
24 ASSIGNMENT.

25 9. IF THE ASSIGNMENT INVOLVES REPAIRS OR SERVICES TO REAL PROPERTY,
26 THE ASSESSMENT DOES NOT IMPAIR THE INTEREST OF A MORTGAGEE LISTED IN THE
27 DECLARATIONS PAGE OF THE INSURANCE POLICY THAT IS THE SUBJECT OF THE
28 ASSIGNMENT.

29 10. THE INSURED AND THE INSURER HAVE THE RIGHT TO INSPECT THE
30 MATERIALS USED AND THE WORKMANSHIP OF THE SERVICES OR REPAIRS PROVIDED AND
31 TO RESOLVE ANY MATERIALS OR WORKMANSHIP DISPUTES OR ISSUES BEFORE THE
32 ASSIGNEE IS ENTITLED TO PAYMENT IN FULL.

33 11. THE ASSIGNEE DOES NOT CHARGE INTEREST ON AN UNPAID BALANCE FOR
34 SERVICES OR REPAIRS COVERED BY THE POLICY DURING ANY PERIOD OF TIME IN
35 WHICH THERE IS A DISPUTE CONCERNING THE MATERIALS OR WORKMANSHIP OF THE
36 SERVICES OR REPAIRS PROVIDED BY THE ASSIGNEE OR CONCERNING THE AMOUNT OF
37 COMPENSATION THE ASSIGNEE IS ENTITLED TO RECEIVE FOR THE SERVICES OR
38 REPAIRS PROVIDED COVERED BY THE ASSIGNMENT AGREEMENT.

39 12. A POTENTIAL ASSIGNEE DOES NOT OFFER, DIRECT, PAY, PROMISE,
40 ALLOW OR PROVIDE THE INSURED OR OTHER PARTY WITH, AND THE INSURED OR OTHER
41 PARTY DOES NOT ACCEPT, ANY COMPENSATION, GIFT OR OTHER VALUABLE
42 CONSIDERATION AS AN INDUCEMENT TO SIGN AN ASSIGNMENT AGREEMENT OR IN
43 CONNECTION WITH ANY AGREEMENT TO RETAIN THE ASSIGNEE TO PROVIDE SERVICES
44 OR REPAIRS TO REMEDIATE A PROPERTY OR CASUALTY CLAIM.

1 C. AN ASSIGNMENT AGREEMENT THAT FAILS TO COMPLY WITH THIS SECTION
2 IS VOID AND RELIEVES THE INSURED OF ANY OBLIGATIONS UNDER THE VOIDED
3 ASSIGNMENT OF RIGHTS AND ANY RELATED WORK ORDER.

4 D. THIS SECTION DOES NOT PROHIBIT OR LIMIT THE ABILITY OF AN
5 INSURED TO AUTHORIZE THE ASSIGNMENT OF DIRECT PAYMENT TO A THIRD PARTY FOR
6 SERVICES OR REPAIRS THAT ARE PROVIDED IN CONNECTION WITH A PROPERTY OR
7 CASUALTY CLAIM, IF THE INSURED NOTIFIES THE INSURER OF THE PROPOSED
8 ASSIGNMENT OF DIRECT PAYMENT.

9 E. THIS SECTION DOES NOT ESTABLISH ANY NEW PRIVATE RIGHT OR CAUSE
10 OF ACTION OR EXTINGUISH OR LIMIT ANY EXISTING COMMON LAW CAUSES OF ACTION.