



ARIZONA STATE SENATE
Fifty-Second Legislature, Second Regular Session

FACT SHEET FOR H.B. 2129

uninsured and underinsured motorist coverage

Purpose

Specifies that an insurance producer's standard of care in offering and explaining the nature and applicability of uninsured and underinsured motorist coverage is met if certain procedures are followed.

Background

Current law requires every insurer that writes automobile liability or motor vehicle liability policies to make available and by written notice offer uninsured and underinsured motorist coverage that extends to and covers all persons insured under a policy, in limits not less than the liability limits for bodily injury or death contained within the policy, to the insured. Such coverage must be included within the policy if agreed to by the insured. The selection of limits or rejection of uninsured and underinsured coverage by a named insured or applicant on a form approved by the Director of the Arizona Department of Insurance (Director) is valid for all insureds under the policy.

Uninsured motorist coverage is defined as coverage for damages due to bodily injury or death if the motor vehicle that caused the bodily injury or death is not insured by a motor vehicle liability policy that contains at least the minimum required statutory coverage limits of \$15,000 per person and \$30,000 per accident for bodily injury coverage and \$10,000 per accident for property damage coverage, subject to the terms and conditions of that coverage. *Underinsured motorist coverage* includes coverage for a person if the sum of the limits of liability under all bodily injury or death liability bonds and liability insurance policies that are applicable at the time of the accident is less than the total damages for bodily injury or death resulting from the accident.

Uninsured and underinsured motorist coverages are separate and distinct and apply to different types of accident situations. Underinsured motorist coverage does not cover a claim against an uninsured motorist in addition to any applicable uninsured motorist coverage. If multiple policies or coverages purchased by one insured on different vehicles apply to an accident or claim, then the insurer is permitted to limit the coverage so that only one policy or coverage, selected by the insured, is applicable to any one accident (A.R.S. §§ 20-259.01 and 28-4009).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Specifies that an insurance producer satisfies the insurance producer's standard of care in offering and explaining the nature and applicability of uninsured and underinsured motorist coverage, provided that the following occurs:
 - a) the insurance producer offers uninsured and underinsured motorist coverage to a named insured or applicant; and
 - b) the insurance producer confirms the selection of limits or rejection of coverage by a named insured or applicant on a form that is approved by the Director.
2. Specifies that the insured's selection of limits or rejection of uninsured and underinsured motorist coverage has the following effect:
 - a) constitutes the final expression of the named insured's decision to purchase or reject uninsured and underinsured motorist coverage; and
 - b) may not be contradicted by evidence of any prior communications between the named insured and their insurance producer or insurer concerning the named insured's desire to purchase uninsured and underinsured motorist coverage.
3. Contains a legislative intent clause.
4. Makes technical changes.
5. Becomes effective on the general effective date.

House Action

INS	1/27/16	DP	5-3-0
3 rd Read	2/18/16		35-23-2

Prepared by Senate Research

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