



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fourth Legislature
Second Regular Session

HB 2441: insurance claims; assignments; payments; requirements

S/E: insurance claims; payments; assignments; requirements

Sponsor: Representative Allen J, LD 15

Committee on Judiciary

Summary of the Strike-Everything Amendment to HB 2441

Overview

Outlines conditions for valid property loss claim assignments.

History

Current statute states a policy may be assignable or not assignable, as provided by its terms.

[\(A.R.S. § 20-1122\)](#)

Provisions

1. States after a loss has occurred under a property insurance policy, the insured may file a claim for benefits, and then the insurer may assign a claim for benefits under the property insurance policy. (Sec. 1)
2. States that to assign a claim for benefits under a property insurance policy, the below must apply:
 - a) The insured must first file the claim for benefits with the insurer before the claim for benefits can be assigned;
 - b) The proposed assignee must provide a form of assignment agreement to the insured for review;
 - c) A potential assignee may not offer, pay, allow or promise the insured or any other party a gift or compensation as an incentive to sign an assignment agreement; and
 - d) If an insured assignor acts under an urgent or emergency circumstance, the assignee may not receive an assignment of post-loss benefits under a residential property insurance policy over \$5,000 or one percent of the coverage limit under the residential property insurance, whichever is greater. (Sec. 1)
3. Defines the term *urgent or emergency circumstance*. (Sec. 1)
4. States the assignment of a claim for benefits under a property insurance policy must be made with an assignment agreement with the following requirements printed in at least 12-point type:
 - a) Whether the insured remains liable for any costs that are not covered by the insurance policy;
 - b) The interest rate, if any, the assignee will charge the insured if payment is delayed for more than 30 days;
 - c) That the assignment agreement does not require the insured to indemnify the assignee against any claims arising out of the services or repairs the assignee provides;
 - d) Whether the assignment authorizes the assignee to sue the insurer on the insured's behalf, and if so, must include a notice in at least 14-point type; and

- e) That the insured assignor has a right of rescission without incurring a fee or penalty if the insured assignor provides a written notice of rescission to the assignee within 14 days of the execution of the assignment agreement. (Sec. 1)
- 5. Stipulates after the insured has assigned a claim for benefits under the property insurance policy, the insurer, assignee, and insured must comply with the following requirements:
 - a) The assignee must notify the insurer or claims administrator within three business days of the assignment or date services began, whichever is earlier, and provide a copy of the signed assignment agreement and a description of the services or repairs to be provided;
 - b) The assignee, the insured, and the assignment agreement must comply with any requirements, limits, and sub-limits in the insurance policy;
 - c) The assignee must follow any procedures or requirements outlined in the insurance policy in order to exercise any rights the insured assigns, including any required notification periods before initiating litigation;
 - d) If the assignment agreement allows the assignee to sue the insurer, the assignee must provide notice to the insured and the insurer at least fifteen days before starting litigation and the notice must include specific information; and
 - e) Unless authorized, the assignee is prohibited from charging interest on an unpaid balance in excess of the insured's cost-sharing requirements during any period in which there is a dispute regarding the materials or workmanship provided by the assignee. (Sec. 1)
- 6. Makes the assignment agreement voidable if the assignee or the assignment agreement does not comply with specific requirements. (Sec. 1)
- 7. Clarifies that the assignment of a claim for benefits does not prevent or inhibit an insurer from communicating with the insured, lienholder, or mortgagee listed on the declarations page of the insurance policy that is the subject of the assignment. (Sec. 1)
- 8. States the assignee's acceptance of an assignment agreement constitutes a waiver by the assignee and its contractors of claims against the insured assignor for payments arising from the assignment agreement and that are more than the insured assignor's deductible or other cost-sharing requirements under the insurance policy, any amount the insurer pays directly to the insured assignor, and any charges for services requested by the insured assignor that are beyond the scope of necessary repairs or services. (Sec. 1)
- 9. Prohibits the assignee and its contractors from collecting or attempting to collect any amounts from, maintain any action against or claim a lien on the real property of an insured assignor, or report an insured assignor to a credit agency, for payments other than agreed upon. (Sec. 1)
- 10. States the amount of damages an assignee may recover in litigation against an insurer is limited to the fair market value of services or repairs performed that are covered by the insurance policy. (Sec. 1)
- 11. Stipulates if an insurer enters into a contract with a service provider for services or repairs arising out of a claim for benefits under a property insurance policy and a conflict exists between the contract and the requirements outlined, the contract terms provider control. (Sec. 1)
- 12. States that the above requirements do not do the following:
 - a) Prohibit or limit an insured from assigning a direct payment to a third party for services or repairs that are provided in connection with a property or casualty claim, if the insured notifies the insurer or claims administrator;
 - b) Establish any new private right or cause of action or remove or limit any existing common law cause of action;
 - c) Apply to any assignment of claim for benefits under a property insurance policy made by an insured to a new motor vehicle dealer. (Sec. 1)