REFERENCE TITLE: time-limited offer; liability insurer; settlement

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1342

Introduced by
Senator Bolick

AN ACT

AMENDING TITLE 20, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-243; RELATING TO INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Title 20, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 20-243, to read:

20-243. Time-limited offer; material terms; acceptance; extracontractual damages; definitions

A. A TIME-LIMITED OFFER TO SETTLE ANY CLAIM SHALL COMPLY WITH ALL OF THE FOLLOWING:

1. BE IN WRITING.

2. EITHER BE LABELED A TIME-LIMITED OFFER OR REFERENCE THIS SECTION.

3. CONTAIN THE FOLLOWING MATERIAL TERMS, WHICH SHALL BE THE ONLY MATERIAL TERMS:

(a) THE CLAIM NUMBER, IF KNOWN.

(b) THE DATE AND LOCATION OF THE LOSS.

(c) THE NAMES OF ALL CLAIMANTS FOR WHOM THE TIME-LIMITED OFFER IS PROVIDED.

(d) A DATE BY WHICH THE TIME-LIMITED OFFER MUST BE ACCEPTED, WHICH MAY NOT BE LESS THAN THIRTY DAYS FROM THE DATE THAT THE LIABILITY INSURER FOR A TORTFEASOR OR A PARTY RECEIVED THE OFFER.

(e) THE AMOUNT OF MONETARY PAYMENT THAT IS REQUESTED OR A REQUEST FOR THE LIABILITY INSURANCE POLICY LIMITS.

(f) A COMPLETE RELEASE OF ALL CLAIMS FOR PRESENT AND FUTURE LIABILITY THAT IS HELD BY THE CLAIMANT IN FAVOR OF ALL TORTFEASORS AND PARTIES INSURED UNDER THE LIABILITY INSURANCE POLICY.

(g) AN AGREEMENT TO SATISFY ALL MEDICAL LIENS OR RIGHTS OF REIMBURSEMENT THAT EXIST DUE TO THE MEDICAL CARE PROVIDED TO A CLAIMANT, REGARDLESS OF THE SOURCE OF THE LIEN OR RIGHT OF REIMBURSEMENT.

(h) A DESCRIPTION OF ALL KNOWN INJURIES ALLEGED BY A CLAIMANT AND A COMPUTATION OF ALL MEDICAL EXPENSES AND SPECIAL DAMAGES THAT ARE INCURRED BY THE CLAIMANT.

(i) A DATE BY WHICH PAYMENT WILL BE DELIVERED IF THE TIME-LIMITED OFFER IS ACCEPTED. THE DATE MAY NOT BE LESS THAN FOURTEEN DAYS AFTER THE DATE THE TIME-LIMITED OFFER IS ACCEPTED OR FOURTEEN DAYS AFTER THE PROVISION OF THE CLAIMANT'S SOCIAL SECURITY NUMBER OR MEDICARE REPORTING COMPLIANCE FORM, WHICHEVER IS LATER.

(j) THE ADDRESS, FAX NUMBER OR EMAIL ADDRESS THAT A RECIPIENT MAY USE TO ACCEPT A TIME-LIMITED OFFER.

B. THE TIME-LIMITED OFFER SHALL INCLUDE THE FOLLOWING INFORMATION, WHICH INFORMATION IS INTENDED TO SUPPORT THE MONETARY AMOUNT REQUESTED:

1. UNREDACTED MEDICAL DOCUMENTATION.

2. MEDICAL BILLING STATEMENTS.

3. INVOICES FROM ALL HEALTH CARE PROVIDERS.

4. OTHER RELEVANT DOCUMENTATION.

5. IF REASONABLY RELEVANT TO A CLAIM, DOCUMENTATION THAT PREDATES THE DATE OF LOSS OR OCCURRENCE.

C. IF A CLAIMANT ASSERTS A CLAIM FOR LOST WAGES, LOST EARNINGS, LOST COMPENSATION OR LOST PROFITS, HOWEVER DENOMINATED, THE CLAIMANT SHALL PROVIDE RECORDS FROM EMPLOYERS OR OTHER RELEVANT SOURCES OR TAX RECORDS TO DOCUMENT THE CLAIMED LOSS.

D. AN INSURER IS NOT LIABLE FOR ANY EXTRACONTRACTUAL DAMAGES THAT ARISE FROM OR ARE RELATED TO ANY INJURIES, DAMAGES OR LOSSES SUFFERED BY A CLAIMANT AND THAT ARE NOT IDENTIFIED IN THE TIME-LIMITED OFFER AND SUPPORTED BY THE DOCUMENTS, RECORDS AND INFORMATION AS PRESCRIBED IN SUBSECTIONS B AND C OF THIS SECTION.

E. THE RECIPIENT OF A TIME-LIMITED OFFER MAY ACCEPT THE OFFER BY PROVIDING WRITTEN ACCEPTANCE OF THE MATERIAL TERMS LISTED IN SUBSECTION A, PARAGRAPH 3 OF THIS SECTION TO THE ADDRESS, FAX NUMBER OR EMAIL ADDRESS PROVIDED IN THE TIME-LIMITED OFFER.

F. A TIME-LIMITED OFFER MAY INCLUDE A CONDITION THAT REQUIRES A TORTFEASOR OR PARTY TO PROVIDE SWORN TESTIMONY REGARDING THE ASSETS AND OTHER INSURANCE OF THE TORTFEASOR OR PARTY. IF A RECIPIENT DOES NOT ACCEPT A TIME-LIMITED OFFER, THE RECIPIENT IS NOT SUBJECT TO EXTRACONTRACTUAL DAMAGES IF THE RECIPIENT:

1. NOTIFIED THE TORTFEASOR OR PARTY TO PROVIDE SWORN TESTIMONY AND THE TORTFEASOR OR PARTY DID NOT PROVIDE SWORN TESTIMONY FOR ANY REASON.

2. COMPLIED WITH ALL PROVISIONS OF THIS SECTION.

G. ON RECEIPT OF A TIME-LIMITED OFFER, EITHER OF THE FOLLOWING DOES NOT CONSTITUTE A COUNTEROFFER OR A REJECTION OF THE TIME-LIMITED OFFER:

1. AN ATTEMPT TO SEEK CLARIFICATION OR ADDITIONAL INFORMATION CONCERNING THE TIME-LIMITED OFFER.

2. A REQUEST FOR AN EXTENSION DUE TO THE NEED FOR FURTHER INFORMATION OR INVESTIGATION IF THE REQUEST IS MADE DURING THE TIME TO ACCEPT THE TIME-LIMITED OFFER.

H. IF A LAWSUIT IS FILED BY A CLAIMANT, A CLAIMANT AS AN ASSIGNEE FOR A TORTFEASOR OR PARTY OR A TORTFEASOR OR PARTY FOR THE BENEFIT OF A CLAIMANT, A TIME-LIMITED OFFER THAT DOES NOT STRICTLY COMPLY WITH THE TERMS OF THIS SECTION IS NOT A REASONABLE OFFER TO SETTLE ANY CLAIM FOR AN AMOUNT THAT IS WITHIN THE INSURANCE POLICY LIMITS FOR THE PURPOSES OF A LAWSUIT THAT INCLUDES EXTRACONTRACTUAL DAMAGES AGAINST A LIABILITY INSURER OF THE TORTFEASOR OR PARTY.

I. FOR THE PURPOSES OF THIS SECTION:

1. "EXTRACONTRACTUAL DAMAGES" MEANS ANY AMOUNT OF DAMAGE THAT EXCEEDS THE TOTAL AVAILABLE LIMIT OF LIABILITY INSURANCE FOR ALL OF THE LIABILITY INSURER'S LIABILITY INSURANCE POLICIES THAT ARE APPLICABLE TO A CLAIM FOR ANY OF THE FOLLOWING:

(a) PROPERTY DAMAGE.

(b) PERSONAL INJURY.

(c) BODILY INJURY.

(d) WRONGFUL DEATH.

2. "PARTY" MEANS ANY PERSON WHO IS INSURED UNDER A LIABILITY INSURANCE POLICY THAT PROVIDES COVERAGE TO A TORTFEASOR AND FOR WHICH THAT PERSON MAY HAVE A LIABILITY EXPOSURE BY VIRTUE OF BEING INSURED UNDER THE SAME LIABILITY INSURANCE POLICY THAT PROVIDES COVERAGE TO THE TORTFEASOR, REGARDLESS OF WHETHER THAT PERSON IS CLAIMED TO HAVE CAUSED OR CONTRIBUTED TO CAUSE ANY OF THE FOLLOWING:

(a) PERSONAL INJURY.

(b) PROPERTY DAMAGE.

(c) BODILY INJURY.

(d) WRONGFUL DEATH.

3. "TIME-LIMITED OFFER":

(a) MEANS A SETTLEMENT OFFER THAT IS MADE BY OR ON BEHALF OF A CLAIMANT TO A TORTFEASOR OR A PARTY THAT IS INSURED WITHIN THE INSURER'S LIMIT OF LIABILITY INSURANCE FOR ANY CAUSE OF ACTION OR CLAIM THAT AROSE OUT OF ANY OF THE FOLLOWING:

(i) PERSONAL INJURY.

(ii) PROPERTY DAMAGE.

(iii) BODILY INJURY.

(iv) WRONGFUL DEATH.

(b) INCLUDES LANGUAGE THAT REQUIRES ACCEPTANCE WITHIN A SPECIFIED PERIOD OF TIME.

4. "TORTFEASOR" MEANS ANY PERSON WHO IS CLAIMED TO HAVE CAUSED OR CONTRIBUTED TO CAUSE ANY OF THE FOLLOWING:

(a) PERSONAL INJURY.

(b) PROPERTY DAMAGE.

(c) BODILY INJURY.

(d) WRONGFUL DEATH.