

House Engrossed

insurance; fraud unit; assessment; increase

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# HOUSE BILL 4020

AN ACT

AMENDING SECTION 20-466, ARIZONA REVISED STATUTES; RELATING TO THE FRAUD UNIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-466, Arizona Revised Statutes, is amended to  
3 read:

4 20-466. Fraud unit; investigators; peace officer status;  
5 powers; information sharing; assessment

6 A. The fraud unit is established in the department of insurance and  
7 financial institutions. The director of the department of insurance and  
8 financial institutions shall appoint an individual to operate the fraud  
9 unit in conjunction with operating the automobile theft authority  
10 established by section 41-3451.

11 B. The fraud unit shall work in conjunction with the department of  
12 public safety.

13 C. The director may investigate any act or practice of fraud  
14 prohibited by section 20-466.01 and any other act or practice of fraud  
15 against an insurer or entity licensed under this title. The director  
16 shall administer the fraud unit.

17 D. The director may employ investigators for the fraud unit. A  
18 fraud unit investigator has and shall exercise the law enforcement powers  
19 of a peace officer of this state but only while acting in the course and  
20 scope of employment for the department of insurance and financial  
21 institutions. The director shall adopt guidelines for the conduct of  
22 investigations that are substantially similar to the investigative policy  
23 and procedural guidelines of the department of public safety for peace  
24 officers. Fraud unit investigators shall not preempt the authority and  
25 jurisdiction of other law enforcement agencies of this state or its  
26 political subdivisions. Fraud unit investigators:

27 1. Shall have at least the qualifications prescribed by the Arizona  
28 peace officer standards and training board pursuant to section 41-1822.

29 2. Are not eligible to participate in the public safety personnel  
30 retirement system established by title 38, chapter 5, article 4 due solely  
31 to employment as fraud unit investigators.

32 E. The director may request the submission of papers, documents,  
33 reports or other evidence relating to an investigation under this section.  
34 The director may issue subpoenas and take other actions pursuant to  
35 section 20-160. The materials are privileged and confidential until the  
36 director completes the investigation. Any documents, materials or other  
37 information that is provided to the director pursuant to this section is  
38 not subject to discovery or subpoena until opened for public inspection by  
39 the director or, after notice and a hearing, a court determines that the  
40 director would not be unduly burdened by compliance with the subpoena.  
41 The director shall keep the identity of an informant confidential,  
42 including any information that might identify the informant, unless the  
43 request for information is made by a law enforcement agency, the attorney  
44 general or a county attorney for purposes of a criminal investigation or  
45 prosecution. The director may use the documents, materials or other

1 information in the furtherance of any regulatory or legal action brought  
2 as a part of the director's official duties.

3 F. If the documents, materials or other information the director  
4 seeks to obtain by request is located outside this state, the person  
5 requested to provide the documents, materials or other information shall  
6 arrange for the fraud unit or a representative, including an official of  
7 the state in which the documents, materials or other information is  
8 located, to examine the documents, materials or other information where it  
9 is located. The director may respond to similar requests from other  
10 states.

11 G. An insurer that believes a fraudulent claim has been or is being  
12 made shall send to the director, on a form prescribed by the director,  
13 information relative to the claim including the identity of parties  
14 claiming loss or damage as a result of an accident and any other  
15 information the fraud unit may require. The director shall review the  
16 report and determine if further investigation is necessary. If the  
17 director determines that further investigation is necessary, the director  
18 may conduct an independent investigation to determine if fraud, deceit or  
19 intentional misrepresentation in the submission of the claim exists. If  
20 the director is satisfied that fraud, deceit or intentional  
21 misrepresentation of any kind has been committed in the submission of a  
22 claim, the director may report the violations of the law to the reporting  
23 insurer, to the appropriate licensing agency as defined in section  
24 20-466.04 and to the appropriate county attorney or the attorney general  
25 for prosecution.

26 H. The director may:

27 1. Share nonpublic documents, materials or other information with  
28 other state, federal and international regulatory agencies, with the  
29 national association of insurance commissioners and its affiliates and  
30 subsidiaries and with state, federal and international law enforcement  
31 authorities if the recipient agrees and warrants that it has the authority  
32 to maintain the confidentiality and privileged status of the documents,  
33 materials or other information.

34 2. Receive documents, materials and other information from the  
35 national association of insurance commissioners and its affiliates and  
36 subsidiaries and from regulatory and law enforcement officials of other  
37 jurisdictions and shall maintain as confidential or privileged any  
38 document, material or other information received with notice or the  
39 understanding that it is confidential or privileged under the laws of the  
40 jurisdiction that is the source of the document, material or other  
41 information.

42 3. Enter into agreements that govern the sharing and use of  
43 documents, materials and other information and that are consistent with  
44 this section.

1 I. A disclosure to or by the director pursuant to this section or  
2 as a result of sharing information pursuant to subsection H of this  
3 section is not a waiver of any applicable privilege or claim of  
4 confidentiality in the documents, materials or other information disclosed  
5 or shared.

6 J. The director shall annually assess each insurer as defined in  
7 section 20-441, subsection B authorized to transact business in this state  
8 up to ~~\$1,050~~ \$1,350 for the administration and operation of the fraud unit  
9 and the prosecution of fraud pursuant to this section. Monies collected  
10 shall be deposited, pursuant to sections 35-146 and 35-147, in the fraud  
11 unit assessment fund established by section 20-466.05.

12 K. A person, or an officer, employee or agent of the person acting  
13 within the scope of employment or agency of that officer, employee or  
14 agent, who in good faith files a report or provides other information to  
15 the fraud unit pursuant to this section is not subject to civil or  
16 criminal liability for reporting that information to the fraud unit.

17 Sec. 2. Retroactivity

18 Section 20-466, Arizona Revised Statutes, as amended by this act,  
19 applies retroactively to from and after June 30, 2026.

20 Sec. 3. Requirements for enactment; two-thirds vote

21 Pursuant to article IX, section 22, Constitution of Arizona, this  
22 act is effective only on the affirmative vote of at least two-thirds of  
23 the members of each house of the legislature and is effective immediately  
24 on the signature of the governor or, if the governor vetoes this act, on  
25 the subsequent affirmative vote of at least three-fourths of the members  
26 of each house of the legislature.