

House Engrossed Senate Bill

~~storm related insurance claims~~

(now: storm related insurance claims; adjusters)

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1206

AN ACT

AMENDING SECTIONS 20-321, 20-321.02 AND 32-1158.02, ARIZONA REVISED
STATUTES; RELATING TO INSURANCE CLAIMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-321, Arizona Revised Statutes, is amended to
3 read:

4 20-321. Definitions

5 In this article, unless the context otherwise requires:

6 1. "ADJUST" MEANS TO INVESTIGATE OR NEGOTIATE THE SETTLEMENT OF A
7 CLAIM ARISING PURSUANT TO A PROPERTY AND CASUALTY INSURANCE CONTRACT.

8 ~~1.~~ 2. "Adjuster":

9 (a) Means any person who for compensation, fee or commission ~~either~~
10 DOES ANY OF THE FOLLOWING:

11 (i) ~~Adjusts, investigates or negotiates settlement of claims~~
12 ~~arising under property and casualty insurance contracts~~ ADJUSTS CLAIMS on
13 behalf of either the insurer or the insured.

14 (ii) Holds oneself out to perform a service listed in item (i) of
15 this subdivision.

16 (iii) DIRECTLY OR INDIRECTLY SOLICITS BUSINESS FROM, INVESTIGATES
17 OR ADVISES AN INSURED ABOUT CLAIMS ARISING PURSUANT TO PROPERTY AND
18 CASUALTY INSURANCE CONTRACTS FOR A PERSON THAT PERFORMS SERVICES PURSUANT
19 TO ITEM (i) OF THIS SUBDIVISION.

20 (b) Does not include:

21 (i) A licensed attorney-at-law who is qualified to practice law in
22 this state.

23 (ii) A salaried employee of an insurer or of a managing general
24 agent. For the purposes of this item, "salaried employee" means an
25 employee whose compensation is not contingent on the outcome of a claim
26 determination.

27 (iii) A licensed insurance producer who adjusts or assists in
28 adjustment of losses arising under policies procured through the insurance
29 producer.

30 (iv) An employee of a political subdivision who adjusts or assists
31 in the adjustment of losses arising under policies covering the political
32 subdivision or persons indemnified by the political subdivision.

33 (v) An independent contractor retained by a licensed adjuster or a
34 person listed in items (i), (ii), (iii) and (iv) of this subdivision for
35 the sole purpose of providing technical assistance in connection with a
36 claim. Independent contractors may include photographers, estimators,
37 engineers, private detectives or handwriting experts.

38 (vi) An individual who collects claim information from or furnishes
39 claim information to insureds or claimants and who conducts data entry,
40 including entering data into an automated claims adjudication system, if
41 not more than twenty-five persons, as described in this item, are under
42 the supervision of a single licensed adjuster or licensed producer.

1 (vii) A licensed insurance producer who supervises or adjusts
2 claims pursuant to item (vi) of this subdivision.

3 (viii) Registered third-party administrators and their employees
4 who are engaged in administering accident and health or life insurance
5 claims.

6 (ix) An individual who adjusts, investigates or negotiates
7 settlement of only workers' compensation claims.

8 ~~2.~~ 3. "Automated claims adjudication system" means a preprogrammed
9 computer system that is designed for the collection, data entry,
10 calculation and final resolution of portable consumer electronic products
11 insurance claims and that:

12 (a) May be used only by a licensed adjuster, a licensed producer or
13 supervised individuals operating pursuant to this paragraph.

14 (b) Must comply with all claims payment requirements under this
15 title and be certified as compliant by a licensed adjuster.

16 ~~3.~~ 4. "Portable consumer electronic products" means electronic
17 devices and related accessories that are portable in nature.

18 Sec. 2. Section 20-321.02, Arizona Revised Statutes, is amended to
19 read:

20 20-321.02. Application of other laws

21 A. To the extent ~~permitted~~ ALLOWED by this article, sections 20-281
22 and 20-284, section 20-286, subsections B, C and D, sections 20-287,
23 20-288, 20-289 and 20-289.01, section 20-290, subsection A and sections
24 20-291, 20-292, 20-295, 20-296, 20-297, 20-299, 20-301 and 20-302 apply to
25 adjusters.

26 B. AN ADJUSTER MAY NOT PROPOSE OR ATTEMPT TO PROPOSE TO ANY INSURED
27 THAT THE ADJUSTER REPRESENTS THE INSURED WHILE A LOSS-PRODUCING OCCURRENCE
28 IS CONTINUING AT THE DAMAGED PREMISES OR WHILE THE FIRE DEPARTMENT OR ANY
29 OTHER PUBLIC SAFETY SERVICE IS ENGAGED IN A PUBLIC SAFETY EMERGENCY
30 RESPONSE AT THE DAMAGED PREMISES.

31 C. AN ADJUSTER MAY NOT PARTICIPATE EITHER DIRECTLY OR INDIRECTLY,
32 INCLUDING AS CONTRACTOR OR SUBCONTRACTOR, IN THE RESTORATION,
33 RECONSTRUCTION OR REPAIR OF ANY DAMAGED PREMISES OR PROPERTY THAT IS THE
34 SUBJECT OF A CLAIM ADJUSTED BY THE ADJUSTER.

35 D. AN ADJUSTER MAY NOT ENDORSE PAYMENT INSTRUMENTS ISSUED TO AN
36 INSURED AS A RESULT OF A CLAIM ARISING UNDER AN INSURANCE CONTRACT WITHOUT
37 THE INSURED'S DIRECT ENDORSEMENT AND SIGNATURE.

38 Sec. 3. Section 32-1158.02, Arizona Revised Statutes, is amended to
39 read:

40 32-1158.02. Residential construction contracts

41 A. For residential repair or replacement of damage resulting
42 directly from a catastrophic storm in a specific area that is designated
43 by an insurer, in addition to the requirements of section 32-1158, a
44 licensed contractor who enters into a contract for the repair or
45 replacement of a residential roof or other repair or replacement within

1 the scope of the regulation of this chapter with a purchaser who resides
2 in the residence or who intends to reside in the residence after the
3 completion of the contract shall include **IN THE CONTRACT** at least the
4 following provisions:

5 1. A statement in at least ten-point bold type in substantially the
6 following form: "You may cancel this contract at any time within
7 seventy-two hours after you have been notified that your insurer has
8 denied your claim to pay for the goods and services to be provided under
9 this contract."

10 2. A statement in at least ten-point bold type in substantially the
11 following form: "You may cancel this contract at any time, for any
12 reason, within four business days after signing this contract."

13 3. A copy of a repair estimate that contains the following
14 disclosures:

15 (a) A precise description and location of all damage claimed on the
16 repair estimate.

17 (b) For roofing repair or replacement, a detailed description of
18 the work to be done, including the square footage of the repair area or
19 the replacement area.

20 (c) If the damaged areas are not included in the repair estimate, a
21 specification of those areas and any reason for their exclusion from the
22 repair estimate.

23 (d) Whether or not the property was inspected before the
24 preparation of the estimate and the nature of that inspection,
25 specifically whether the roof was physically accessed.

26 (e) That a contractor has made no assurances that the claimed loss
27 will be covered by an insurance policy.

28 (f) That the policyholder is responsible for payment for any work
29 performed if the insurer should deny payment or coverage for any part of
30 the loss.

31 B. A residential owner of a property or casualty insurance policy
32 has the right to cancel the contract described in subsection A of this
33 section within seventy-two hours after the insured owner has been notified
34 by the insurer that the claim has been denied.

35 C. In addition to the right prescribed in subsection B of this
36 section, the insured owner of a residence has the right to cancel the
37 contract described in subsection A of this section for any reason within
38 four business days after signing the contract. A cancellation shall be
39 evidenced by the insured owner giving written notice of cancellation to
40 the contractor's address stated in the contract. Notice of cancellation
41 does not need to be in a particular form, except that the notice must
42 indicate in writing the intent of the insured owner not to be bound by the
43 contract.

1 D. Within ten days after a contract has been canceled pursuant to
2 this section, the contractor must tender to the insured owner any payments
3 made by the insured owner and any note or other evidence of indebtedness,
4 except that if the contractor has performed any emergency services, the
5 contractor is entitled to receive reasonable compensation for the services
6 if the insured owner has received a detailed description and itemization
7 of the charges for those services.

8 E. The down payment section on the execution of a contract entered
9 into pursuant to this section shall not require more than fifty ~~per cent~~
10 PERCENT of the total contract.

11 F. Any changes, additions or deletions to the work order specified
12 in the original contract shall be included in a written change order that
13 is signed by the homeowner.

14 G. A contractor shall immediately notify and disclose in writing to
15 the residential owner of a property or casualty insurance policy any
16 cancellation of the contractor's workers' compensation coverage.

17 H. A contractor's failure to comply with this section is grounds
18 for license suspension or revocation pursuant to section 32-1154.

19 I. An individual or contractor who prepares a repair estimate for
20 post-storm repair or replacement services as described in subsection A of
21 this section in anticipation of making an insurance claim must disclose
22 the following information to the insured owner:

23 1. A precise description and location of all damage claimed or
24 included on the repair estimate.

25 2. Documentation to support the damage claimed on the estimate,
26 including photographs, digital images or another medium.

27 3. A detailed description and itemization of any emergency repairs
28 already completed by the contractor.

29 4. If damaged areas are not included in the repair estimate, a
30 specification of those areas and any reason for their exclusion from the
31 repair estimate.

32 5. A provision stating whether ~~or not~~ the property was inspected
33 before the preparation of the estimate, if the contract is a contract for
34 repair or replacement of a roof, and whether the roof was physically
35 accessed.

36 6. A provision stating that the contractor has made no assurances
37 that the claimed loss will be covered by an insurance policy.

38 J. If an insured owner submits a claim with the insurer for
39 residential repair or replacement pursuant to this section, the contractor
40 MAY NOT ADVERTISE TO PAY, ISSUE PAYMENT FOR OR PROMISE TO PAY ANY
41 DEDUCTIBLE PAYABLE ON THE POLICY OR ISSUE ANY REBATE DEDUCTIBLE EITHER
42 DIRECTLY OR INDIRECTLY AND may not begin work on the repair or replacement
43 until the insurer approves or denies the claim, except if the work is
44 necessary to prevent further loss.

1 K. A person who is not licensed pursuant to this chapter and who is
2 not exempt from licensure pursuant to this chapter may not bring a private
3 cause of action to recover monies from a homeowner for any residential
4 repair or replacement that the person does pursuant to this section.

5 L. Except as otherwise provided in this subsection, a contractor
6 providing post-storm repair or replacement contracting services shall not
7 ALSO act AS AN ADJUSTER ON BEHALF OF THE INSURED FOR THE CLAIM, SHALL NOT
8 ACT on behalf of an insured owner in OTHERWISE negotiating for the
9 settlement of a claim for loss or damage under any policy of insurance
10 covering the insured owner's residence and shall not make any assurance
11 that the proposed repair or replacement contracting services will be
12 covered by an insurance policy. The contractor may communicate with an
13 insurer to assist in any claim disputes, including actual damages
14 incurred, if both of the following apply:

15 1. The insured owner gives the contractor permission.

16 2. The contractor is not compensated for the communication.

17 M. With a policyholder's written consent, an insurer providing
18 coverage for a post-storm residential repair or replacement may issue its
19 check in the name of both the policyholder and the contractor with the
20 contractor's license number issued pursuant to this chapter noted on the
21 check.

22 N. This section ~~shall~~ DOES not limit the following individuals from
23 contacting and negotiating with the insured owner:

24 1. A government official WHO IS engaged in the performance of
25 official duties.

26 2. An attorney WHO IS engaged in the performance of professional
27 duties.

28 3. Licensed insurers and licensed insurance producers while engaged
29 in the performance of their duties in connection with insurance
30 transactions.

31 4. Any salaried office employee WHO IS performing exclusively
32 clerical or administrative duties and who is not compensated in any manner
33 for securing contracts related to post-storm residential repair or
34 replacement contracting.

35 5. Photographers, estimators, appraisers or engineers WHO ARE
36 employed exclusively for the purpose of furnishing technical assistance.

37 6. A private investigator who is licensed pursuant to chapter 24 of
38 this title.

39 7. A full-time salaried employee of a property owner or property
40 management company who is retained by a property owner, who has not been
41 hired for the purpose of handling a specific claim resulting from a fire
42 or casualty loss and who acts at the sole discretion of the property owner
43 or management company regarding a claim related to the owner's property.

1 0. A CONTRACTOR MAY NOT PROPOSE TO ANY PERSON THAT THE PERSON SIGN
2 AN AGREEMENT FOR WORK ON ANY DAMAGED PREMISES WHILE A LOSS-PRODUCING
3 OCCURRENCE IS CONTINUING AT THE DAMAGED PREMISES OR WHILE THE FIRE
4 DEPARTMENT OR ANY OTHER PUBLIC SAFETY SERVICE IS ENGAGED IN A PUBLIC
5 SAFETY EMERGENCY RESPONSE AT THE DAMAGED PREMISES. THIS SUBSECTION DOES
6 NOT PREVENT A CONTRACTOR FROM PROVIDING SERVICES TO A HOMEOWNER IN ORDER
7 TO MAINTAIN OR RESTORE ESSENTIAL SERVICES TO THE PREMISES OR TO PREVENT
8 FURTHER IMMEDIATE DAMAGE TO THE PREMISES.