

# ARIZONA PROPERTY AND CASUALTY FORM FILINGS

---

## HOMEOWNERS, MOBILE HOMEOWNERS AND RENTERS INSURANCE

The Property and Casualty Section within the Arizona Department of Insurance and Financial Institutions (the Department) has developed the following checklist to help you submit a complete and correct form filing.

---

*NOTE: This checklist is not intended to serve as an all-inclusive list of requirements. Insurance policies must meet all requirements of Arizona law, regardless of whether the law is summarized in this checklist.*

---

This checklist applies to the following types of insurance (TOI's) and sub-types:

#### **4.0 Homeowners**

- 4.0000 – Homeowners Sub-TOI Combinations;
- 4.0001 – Condos;
- 4.0002 – Mobile Homeowners;
- 4.0003 – Owners Occupied;
- 4.0004 – Tenants;
- 4.0005 – Other

This checklist is in addition to the [General Filing Checklist](#)

### **FILING REQUIREMENTS**

---

**NOTE** - Insurers must file homeowner forms before using them. Arizona law provides the Department 30 days to approve or disapprove forms. If 30 days elapse before the Department approves or disapproves a form, the form becomes effective. [ARS § 20-398](#).

No policy of fire insurance covering property located in the state shall be made, issued or delivered unless it conforms as to all provisions and the sequence thereof with the basic policy commonly known as the [New York Standard Fire Policy, edition of 1943](#). Such policy is designated as the Arizona Standard Fire Policy (Standard Fire Policy). [ARS § 20-1503](#)

Forms for insurance for one or more perils other than those of fire and lightning for which the insurer issuing the policy is authorized to issue, may be used in connection with the standard fire policy. Such other perils or coverages may be included as permitted to be insured by property and casualty insurers. Any stipulations or conditions

that are inconsistent with the Standard Fire Policy shall only be applicable to the additional coverages. [ARS § 20-1507](#).

The pages of the standard fire insurance policy may be renumbered and the format rearranged for convenience in the preparation of individual contracts, and to provide space for the listing of rates and premiums for coverages insured thereunder or under endorsements attached or printed thereon, and such other data as may be conveniently included for duplication on daily reports for office records. [ARS § 20-1504](#)

A domestic insurer may print in the standard fire policy any provisions which it is authorized or required by law to insert therein. A foreign or alien insurer may print in the policy any provision required by its charter or deed of settlement, or by the laws of its own state or country, not contrary to the laws of this state. [ARS § 20-1506](#)

There shall be printed on the first or front page at the head of the Standard Fire insurance policy the name of the insurer or insurers issuing the policy, the location of the home office or United States office of the insurer or insurers, a statement whether the insurer or insurers are stock corporations, mutual corporations, reciprocal insurers, Lloyd's underwriters or otherwise, and there may be added thereto such device or emblem as the insurer or insurers issuing the policy may desire. Any insurer organized under special charter provisions may so indicate upon its policy, and may add a statement of the plan under which it operates in this state. If the policy is issued by a mutual or reciprocal insurer having special regulations with respect to the payment of assessments by the policyholder or subscriber, such regulations shall be printed on the policy, and any such insurer may print upon the policy such regulations as may be appropriate to or required by its form of organization. There may be substituted for the word "company" a more accurate descriptive term for the type of insurer. There may also be added a statement of the group of insurers with which the insurer is financially affiliated. In lieu of the facsimile signatures of the president and secretary of the insurer there may be used the name or names of the officers or managers authorized to execute the contract. [ARS § 20-1505](#)

| Topic                                    | References*                   | Requirements   |
|--|-------------------------------|--|
| * "§" = Arizona Revised Statutes Section |                               |  |
| <b>Actual Cash Value</b>                 | <a href="#">§ 20 -1111(2)</a> | The policy must provide a definition for Actual Cash Value when this term is used in the forms to prevent misleading and deceptive policy language.. |
| <b>Appraiser</b>                         | <a href="#">§ 20 -1503</a>    | Any appraisal clause must have both the appraisers and the judge be "competent and disinterested".   |
| <b>Proof of Sending Notice</b>           | <a href="#">§ 20-1656</a>     | Proof of sending of a notice of cancellation and the reasons for cancellation or of intention not to   |

|                                       |                              |  |
|---------------------------------------|------------------------------|--|
|                                       |                              | renew to the named insured at the address shown in the policy shall be sufficient proof of the notice. Any method of proof retained by the insurer for sending a notice of cancellation by any method other than by mail is sufficient proof of the notice.  |
| <b>Arbitration</b>                    | <a href="#">§ 20 -1503</a>   | Does not apply to property loss as the Standard Fire Policy does not contain an arbitration clause.  |
| <b>Reduction of limits at Renewal</b> | <a href="#">§ 20-1654(A)</a> | The insurer must provide at least 30 days' notice to reduce the limits of coverage due to a loss. The insurer may not reduce the limits of coverage when the insured has paid premiums and contracted for a specific limit of insurance.   |
| <b>Non-Renewal</b>                    | <a href="#">§ 20-1654</a>    | Unless the insurer, at least thirty days in advance of the end of the policy period, mails or delivers to the named insured at the address shown in the policy, notice of its intention not to renew the policy or to condition its renewal upon reduction of limits or elimination of coverages, the insurer shall not fail to renew the policy upon payment of the premium due on the effective date of the renewal, in accordance with the then existing rating manual of the insurer. For the purposes of this section, any policy written for a term of less than one year may be renewed for a term of one year if the notice is not given as required by this subsection. For the purposes of this subsection, a policy with no fixed expiration date shall be deemed written for successive policy periods of one year. This shall not apply if the insured has accepted replacement coverage or has agreed to nonrenewal. ARS § 20-1654 |
| <b>Cancellation</b>                   | <a href="#">§ 20-1652(A)</a> | The Insurer may only cancel for any reason only during the first 59 days that the policy has been  |

|  |  |  |
|--|--|--|
|  |  | <p>in effect. ARS § 20-1652(A). When the policy has been in effect less than 60 days, it may only be canceled for the following reasons:</p> <ol style="list-style-type: none"> <li>1. Nonpayment of premium.</li> <li>2. Conviction of the named insured of a crime arising out of acts increasing the hazard insured against</li> <li>3. Acts or omissions by the insured or the insured's representative constituting fraud or material misrepresentation in obtaining the policy, continuing the policy or presenting a claim under the policy</li> <li>4. Discovery of grossly negligent acts or omissions by the insured substantially increasing any of the hazards insured against.</li> <li>5. Substantial change in the risk assumed by the insurer, since the policy was issued, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract.</li> <li>6. A determination by the director of insurance that the continuation of the policy would place the insurer in violation of the insurance laws of this state.</li> <li>7. Failure of the insured to take reasonable steps to eliminate or reduce any conditions in or on the insured premises that contributed to a loss in the past or will increase</li> </ol> |
|--|--|--|

|                                  |                           |  |
|----------------------------------|---------------------------|--|
|                                  |                           | <p>the probability of future losses.</p> <p>8. In the event of nonrenewal based on the condition of the premises (7) the insured shall be given thirty days' notice to remedy the identified conditions. In the event that the identified conditions are not satisfactorily remedied, the insured shall be given an additional thirty days, upon payment of premium, to cure the defective conditions. ARS § 20-1652(B).</p>   |
| <b>Cancellation Notification</b> | <a href="#">§ 20-1653</a> | <p>All notices of cancellation or nonrenewal shall be in writing, shall be mailed to the named insured at the address shown in the policy or to the last known address of the insured and shall state, with respect to cancellation of policies in effect after the time limits specified in section ARS § 20-1652 and, in the case of nonrenewal of policies as specified in section ARS § 20-1654:</p> <p>In the case of cancellation which specific facts constitute the grounds set forth in section ARS § 20-1652 relied upon.</p> <p>In the case of nonrenewal the specific facts which constitute the reason the policy is not being renewed which may include, but are not limited to, the grounds set forth in section ARS § 20-1652. This would include an Insured initiated non-renewal, having obtained other coverage or mid-term cancellation.</p> |
| <b>Proof of Sending Notice</b>   | <a href="#">§ 20-1656</a> | <p>Proof of sending a notice of cancellation and the reasons for cancellation or of intention not to renew to the named insured by mail at the address</p>   |

|                                       |                            |  |
|---------------------------------------|----------------------------|--|
|                                       |                            | shown in the policy is sufficient proof of the notice required by this article. ARS § 20-1656  |
| <b>Cancellation – Premium Refund</b>  |                            | The company may only apply customary short rate tables when cancellation is at the request of the insured and may only be prorated when canceled by the company.   |
| <b>Extreme Temperatures</b>           | <a href="#">§ 20 -1503</a> | The Standard Fire Policy does not allow the exclusion of extremes of temperature that may be the result of fire and lightning.   |
| <b>Fire Department Service Charge</b> | <a href="#">§ 20-103</a>   | Arizona does not allow for Fire Department Service Charges (FDSC) to be covered in accordance with ARS § 20-103 as it is not insurance. A.R.S. § 20-103(B) clearly states that “Private ambulance service contracts or private fire protection services contracts are not insurance. An insured could be misled into reasonably concluding that the FDSC coverage is insurance merely because the provision is in the policy. Since fire department services are not considered under Arizona law, they should not be in an insurance policy.  |
| <b>Fire Tax Credit</b>                | § 20-224                   | A.R.S. § 20-224 provides that each insurer shall pay to the state treasurer a premium tax of 2.2 percent on fire insurance premiums on properties in the state of Arizona, “except that the tax on fire insurance premiums on property located in an incorporated city or town which procures the services of a private fire company is 0.66 percent. Each insurer shall reflect the cost savings attributable to the lower tax in fire insurance premiums charged on property located in an incorporated city or town that procures the services of a private fire company. As of this writing, only Fountain Hills and Carefree qualify for the Fire |

|                                       |  |  |
|---------------------------------------|--|--|
|                                       |  | premium tax credit required by ARS § 20-224. The zip codes for Fountain Hills are 85268 and 85269 and for Carefree are 85377   |
| <b>First Party Payment</b>            | <a href="#">§ 20 -461</a><br><a href="#">AAC R20-6-801</a> | Any first party claim must be payable within 30 days after receipt of an acceptable proof of loss.   |
| <b>Exclusions</b>                     | § 20-270   | Exclusions that are not found in the Standard Fire Policy, may not apply to any ensuing direct loss by the peril of fire. Unless the exclusion is specifically listed in the Standard Fire Policy or is increased by any means within the control or knowledge of the insured., such as neglect, all direct loss by Fire and Lightning must be covered no matter if another concurrent peril that is excluded contributes to the loss. Lukes v. Am. Family Mut. Ins.Co., 455 F. Supp. 2d 1010, 2006 U.S. Dist. LEXIS 60933 (D. Ariz. 2006). In other words, exclusion may not apply to loss by fire resulting from flood, nuclear, vandalism nor may it apply to loss by fire if the loss is not within the knowledge or control of the insured. |
| <b>HO Claims Less Than Deductible</b> | § 20-270   | No insurer shall charge more premium for residential property insurance for claims that did not exceed the five hundred dollar deductible in the previous three years. ARS § 20-270  |
| <b>Increased Hazard</b>               | <a href="#">§ 20 -1503</a>                                 | The Standard Fire Policy only suspends or restricts insurance coverage while the hazard is increased by any means within the control or knowledge of the insured. The forms may not restrict coverage for any ensuing direct loss by fire when the increased hazard is not within the knowledge of the insured.  |
| <b>Innocent Co-insured</b>            | <a href="#">§ 20 -1503</a>                                 | The Standard Fire Policy refers to “the” insured, not “an” or “any” under conditions suspending or restricting insurance while the hazard is increased by any  |

|                              |  |  |
|------------------------------|--|--|
|                              |  | means within the control or knowledge of the insured. This exclusion may not apply to an innocent co-insured. See Nagel v. Farmers 205 ARIZ. 517,73P.3d (Ariz. Ct App 2003) The innocent co-insured is not limited to acts of domestic violence, which is addressed in ARS 20-448 (J) but extends to any innocent co-insured.  |
| <b>Sending Notification</b>  | <a href="#">§20-1654(A).</a>                               | A 30 day notice of nonrenewal prior to the policy expiration date must always be provided pursuant to ARS §20-1654(A). A thirty day notice must be sent if renewal is conditioned upon reduction of limits or elimination of coverages and the insurer may not simply state that the notice will be mailed in accordance with state law.   |
| <b>Nuclear Exclusion</b>     | <a href="#">§ 20 -1503</a>                                 | Direct loss by fire resulting from nuclear reaction or nuclear radiation or radio-active contamination must be insured against per The Standard Fire Policy.   |
| <b>Property Removed</b>      | <a href="#">§ 20 -1503</a>                                 | The forms must provide a provision providing coverage for property removed from the premises endangered by the perils insured against in the policy for a minimum of five days pre The Standard Fire Policy.   |
| <b>Sales Tax</b>             | <a href="#">§ 20 -461</a><br><a href="#">AAC R20-6-801</a> | Sales tax may not be excluded. Sales tax is included in an actual cash value estimate and is not depreciable. Profit and overhead must be included in an actual cash value payment if the insured would reasonably be likely to incur the cost in repairing or replacing the covered loss, regardless of whether the insured intends to repair or replace the property. Tritschler vs Allstate, 2 CA-CV 2005-0136, Court of Appeals Arizona, Division Two, Department A, Oct 12, 2006. |
| <b>Sudden and Accidental</b> | <a href="#">§ 20 -1503</a>                                 | The Standard Fire Policy provides for "all direct loss by  |



|                            |   |  |
|----------------------------|---|--|
|                            |   | fire and lightning.” There is no limitation in the policy concerning “sudden and accidental” loss for the perils of Fire, Lightning and for Removal from Premises Endangered by the Perils Insured Against in the Policy. The definition of arson in Webster’s dictionary implies that it is an intentional act. A person committing Vandalism or Malicious Mischief may cause an unintentional fire loss. Therefore any endorsements must provide coverage for intentionally (such as arson) and unintentionally that cause ensuing direct loss by fire |
| <b>Terrorism Exclusion</b> | <a href="#">§ 20-1503(B)</a>                              | The Standard Fire Policy may exclude coverage for loss by fire or other perils insured against if the loss is caused directly or indirectly by terrorism and involves risks other than Homeowners. ARS § 20-1503(B)  |
| <b>Vacant Property</b>     | <a href="#">§ 20 -1503</a>                                | A vacancy, vacant or unoccupied definition must conform to the Standard Fire Policy. A building is only considered vacant or unoccupied beyond a period of sixty consecutive days  |
| <b>Void-Rescind</b>        | <a href="#">§ 20-1652 (A)</a><br><a href="#">§20-1109</a> | An insurer may “not provide” coverage in the event of concealment or fraud associated with a claim or may cancel a policy within the first 59 days or after 60 days if the conditions pursuant to A.R.S. § 20-1652(A) are met but a policy cannot be voided or rescinded unless all three of the conditions in A.R.S. § 20-1109 associated with the application or negotiations associated with obtaining insurance are met.   |

## CERTIFICATION OF COMPANY OFFICER

---

**NOTE: Filer certification must be completed and signed by an officer of the company.**

I, \_\_\_\_\_, certify on behalf of the company that is submitting this filing that I am responsible for the validity, accuracy and completeness of the enclosures in this filing. To the best of my knowledge and belief each form or rate filing included in this filing: 1) conforms to all of the applicable requirements outlined above; 2) contains no provision(s) previously disapproved or required to be corrected and/or revised by the Arizona Department of Insurance and Financial Institutions; 3) does not exceed this company's powers, the authority granted by its state of domicile or its Arizona certificate of authority; and 4) complies with all applicable provisions of state or federal law and orders of the Director of Insurance and Financial Institutions.

Title: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Date: \_\_\_\_\_

Company Officer Signature: \_\_\_\_\_