



Douglas A. Ducey, Governor
Keith Schraad, Director

REGULATORY BULLETIN 2020-01¹

TO: Property & Casualty Insurers, Insurance Producers, Surplus Lines Brokers, Insurance Industry Representatives, Insurance Trade Associations, and Other Interested Parties

FROM: Keith A. Schraad Director of Insurance

DATE: January 10, 2020

RE: Uninsured and Underinsured Motorist Coverage Offer Form; SB1087

This Regulatory Bulletin amends prior bulletins 2003-10 (July 15, 2003), 2003-03 (March 24, 2003), 1998-12 (November 9, 1998), and 1998-05 (August 11, 1998), to reflect amendments to A.R.S. § 20-259.01 made by Laws 2019, Chapter 301, effective July 1, 2020 (SB1087).

SB1087 did not change the requirement in A.R.S. § 20-259.01 that every insurer writing motor vehicle liability insurance² in Arizona make available and offer, by written notice, uninsured motorist (UM) coverage and underinsured motorist (UIM) coverage for all persons insured under the policy, in limits not less than the policy's liability limits for bodily injury or death. The bill clarified that the offer of limits to a named insured or applicant shall be made at the time of the application on a form approved by the director. Insurers will need to operationalize delivery of the form at the time of the application, regardless of how the application is received (e.g., in person, telephonically, on-line).

The UM/UIM offer need not be made in the event of the reinstatement of a lapsed policy or the transfer, substitution, modification or renewal of an existing policy. SB1087 adds that the offer need not be made as a result of a statutory change to the minimum liability limits for bodily injury or death prescribed in section 28-4009³. However, the Department understands that insurers and producers may wish to educate their policyholders about the increase in UM/UIM limits that corresponds to the statutory increase in minimum bodily injury limits effective on or after July 1, 2020.

A.R.S. § 20-259.01, as amended by SB1087, removes the requirement that insurers use the form to reflect the insured's "selection" of UM/UIM coverages, rather the form now reflects the insurer's "offer" of UM/UIM coverage. The law was further amended to require that the policy declarations page must be sent to the named insured, and the declarations page constitutes the final expression of the named insured's decision to purchase or reject uninsured and

¹ This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties, you may petition the agency under A.R.S. § 41-1033 for a review of the Statement.

² See A.R.S. § 28-4033 for commercial UM requirements.

³ SB1087 (2019) also amended A.R.S. § 28-4009 to increase the minimum limits on all policies issued or renewed July 1, 2020 to \$25,000/50,000 (bodily injury) and \$15,000 (property).

underinsured motorist coverage and is valid for, extends to and covers all persons insured under the policy. The bill maintains that an insurance producer that uses the form in offering uninsured and underinsured motorist coverage satisfies the insurance producer's standard of care in offering and explaining the nature and applicability of uninsured and underinsured motorist coverage.

The bill did not change the requirement that the form to be used by an insurer to offer uninsured and underinsured motorist coverage must be approved by the Director prior to its use by the insurer or its producers. Once filed and approved, the attached form may be used by insurers to satisfy the requirements of A.R.S. § 20-259.01. As specified in prior Bulletins, insurers electing to use this form must complete the blank provided for the insurance company name(s) and form number, and file it with the Department. The Department will continue to consider for approval forms submitted by insurers which contain essentially the same information as the attached form. Note that the attached form contains optional content (bracketed and highlighted in grey) that an insurer may choose whether to include.

Please direct any questions regarding this bulletin to Erin H. Klug, Property & Casualty Section, PropCas@azinsurance.gov.

INSURANCE COMPANY NAME(S): _____

UNINSURED AND UNDERINSURED MOTORIST COVERAGE OFFER [AND SELECTION/REJECTION] FORM

READ CAREFULLY

You have a legal right to purchase *both* Uninsured and Underinsured Motorist coverages with the proposed automobile liability policy. THESE COVERAGES PROTECT YOU, YOUR FAMILY AND YOUR PASSENGERS. LIABILITY COVERAGE DOES NOT IN MOST CASES.

Uninsured motorist coverage provides protection for bodily injuries caused by a negligent motorist who has no liability insurance. Underinsured motorist coverage provides protection if the negligent motorist does not have enough liability insurance to pay for the injuries caused. For a more detailed explanation of these coverages, refer to your policy.

You have a right to purchase both Uninsured Motorist coverage and Underinsured Motorist coverage in any amount from \$50,000 single limit (or \$25,000/\$50,000 split limits) up to your policy's liability limit, or you may reject the coverage(s) entirely. Neither limit may exceed your liability coverage limits for Bodily Injury.

Your Bodily Injury Limit on the policy: \$_____

Options available for Uninsured and Underinsured Motorist coverages:

UNINSURED MOTORIST COVERAGE OFFER			UNDERINSURED MOTORIST COVERAGE OFFER		
<i>Optional:</i> Checkbox or initials, with or without *Accept/Reje	<u>Coverage Limit Options</u>	<i>Optional:</i> Corresponding premium amounts	<i>Optional:</i> Checkbox or initials, with or without *Accept/Reje	<u>Coverage Limit Options</u>	<i>Optional:</i> Corresponding premium amounts
[<input type="checkbox"/>	\$50,000	\$	[<input type="checkbox"/>	\$50,000	\$
<input type="checkbox"/>	\$	\$	<input type="checkbox"/>	\$	\$
<input type="checkbox"/>	\$	\$	<input type="checkbox"/>	\$	\$
<input type="checkbox"/>	\$	\$	<input type="checkbox"/>	\$	\$
<input type="checkbox"/>	\$	\$	<input type="checkbox"/>	\$	\$
<input type="checkbox"/>]	No <u>Uninsured</u> Motorist Coverage	\$]	<input type="checkbox"/>]	No <u>Underinsured</u> Motorist Coverage	\$]

I understand that this form reflects the offer of Uninsured Motorist and Underinsured Motorist coverage options made to me. I understand that my **policy declarations page** will be sent to me and I need to review it to confirm that my policy contains the Uninsured Motorist and Underinsured Motorist coverages I selected.

[Optional:

ACKNOWLEDGEMENT OF UNINSURED AND UNDERINSURED MOTORIST COVERAGE OFFER

Signed: _____ Date: _____
(Named Insured)

Additional policyholder specific information (policy number, etc.)]

_____ {insert insurance company Form No.}