

REFERENCE TITLE: **group excess liability insurance**

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

# **HB 2007**

Introduced by  
Representative Livingston

**AN ACT**

**AMENDING TITLE 20, CHAPTER 6, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6; RELATING TO INSURANCE.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 20, chapter 6, Arizona Revised Statutes, is  
3 amended by adding article 6, to read:

4 ARTICLE 6. GROUP EXCESS LIABILITY INSURANCE POLICIES

5 20-1491. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "CERTIFICATE HOLDER" MEANS THE INDIVIDUAL INSURED GROUP MEMBER.

8 2. "CERTIFICATE OF INSURANCE" MEANS A CERTIFICATE OF INSURANCE,  
9 EVIDENCE OF COVERAGE OR OTHER SUMMARY OF COVERAGE THAT IS ISSUED TO EACH  
10 CERTIFICATE HOLDER PURSUANT TO SECTION 20-1493.

11 3. "CONDITIONAL RENEWAL" MEANS A RENEWAL THAT IS CONDITIONED ON ANY  
12 OF THE FOLLOWING:

13 (a) A CHANGE OF LIMITS.

14 (b) A CHANGE IN TYPE OF COVERAGE.

15 (c) A REDUCTION OR ELIMINATION OF COVERAGE.

16 (d) AN INCREASED DEDUCTIBLE OR ADDITION OF EXCLUSIONS OR INCREASED  
17 PREMIUMS IN EXCESS OF TEN PERCENT, EXCEPT FOR PREMIUM INCREASES THAT ARE  
18 GENERATED AS A RESULT OF INCREASED EXPOSURE UNITS OR AS A RESULT OF  
19 EXPERIENCE RATING, LOSS RATING, RETROSPECTIVE RATING OR AUDIT.

20 4. "EXCESS LIABILITY INSURANCE" MEANS LIABILITY INSURANCE, AS  
21 PRESCRIBED IN SECTION 20-252, PARAGRAPH 1, THAT PROVIDES EXCESS COVERAGE  
22 AFTER THE INSURED'S PRIMARY LIABILITY INSURANCE LIMITS HAVE BEEN  
23 EXHAUSTED.

24 5. "GROUP EXCESS LIABILITY INSURANCE" MEANS EXCESS LIABILITY  
25 INSURANCE THAT IS ISSUED ON A GROUP BASIS AND THAT COVERS GROUPS OF  
26 PERSONS AS PRESCRIBED IN THIS ARTICLE.

27 6. "GROUP POLICYHOLDER" MEANS THOSE GROUPS DESCRIBED IN SECTION  
28 20-1492, SUBSECTION C TO WHICH A GROUP EXCESS LIABILITY INSURANCE POLICY  
29 MAY BE ISSUED.

30 20-1492. Group excess liability insurance; eligible groups

31 A. AN AUTHORIZED INSURER OR AN UNAUTHORIZED INSURER AS PROVIDED IN  
32 CHAPTER 2, ARTICLE 5 OF THIS TITLE MAY OFFER GROUP EXCESS LIABILITY  
33 INSURANCE COVERAGE IN THIS STATE. IF AN AUTHORIZED INSURER ISSUES A GROUP  
34 EXCESS LIABILITY INSURANCE POLICY IN THIS STATE, THE INSURER SHALL FILE  
35 THE GROUP POLICY AND THE CERTIFICATE OF INSURANCE FORMS WITH THE  
36 DEPARTMENT IN ACCORDANCE WITH SECTION 20-398.

37 B. AN INSURER MAY ISSUE OR DELIVER A GROUP EXCESS LIABILITY  
38 INSURANCE POLICY IN THIS STATE PURSUANT TO THIS ARTICLE. IN ADDITION TO  
39 EXCESS LIABILITY COVERAGE, THE GROUP POLICY MAY PROVIDE ANCILLARY AND  
40 ADDITIONAL COVERAGES TO CERTIFICATE HOLDERS IF THE TERMS AND CONDITIONS  
41 FOR THE ADDITIONAL OR ANCILLARY COVERAGE COMPLY WITH THIS TITLE.

42 C. AN INSURER MAY ISSUE A GROUP EXCESS LIABILITY INSURANCE POLICY  
43 TO ANY ELIGIBLE GROUP TO WHICH A GROUP DISABILITY INSURANCE POLICY MAY BE  
44 ISSUED PURSUANT TO SECTION 20-1401, SUBSECTION A.

1 D. THE GROUPS DESCRIBED IN SUBSECTION C OF THIS SECTION SHALL  
2 CONSIST OF ONLY THOSE NATURAL PERSONS IDENTIFIED AS QUALIFYING GROUP  
3 MEMBERS UNDER SECTION 20-1401, SUBSECTION A, INCLUDING ANY MEMBERS OF A  
4 CERTIFICATE HOLDER'S IMMEDIATE FAMILY OR HOUSEHOLD.

5 E. AN INSURER SHALL TREAT ALL ELIGIBLE GROUPS OF THE SAME CLASS IN  
6 A LIKE MANNER.

7 20-1493. Group excess liability insurance policies; premiums;  
8 cancellation; requirements

9 A. THE GROUP POLICYHOLDER MAY PAY THE PREMIUM FOR A GROUP EXCESS  
10 LIABILITY INSURANCE POLICY FROM MONIES CONTRIBUTED WHOLLY BY THE GROUP  
11 POLICYHOLDER, WHOLLY BY THE CERTIFICATE HOLDERS OR JOINTLY BY THE GROUP  
12 POLICYHOLDER AND THE CERTIFICATE HOLDERS.

13 B. THE GROUP EXCESS LIABILITY INSURANCE POLICY SHALL PROVIDE  
14 SEPARATE LIMITS OF COVERAGE FOR EACH CERTIFICATE HOLDER.

15 C. THE INSURER OR, IF AUTHORIZED BY THE INSURER, THE GROUP  
16 POLICYHOLDER'S INSURANCE PRODUCER SHALL DELIVER A COPY OF THE GROUP POLICY  
17 AND ANY ENDORSEMENT OR AMENDMENT TO THE GROUP POLICYHOLDER AND A COPY OF  
18 THE CERTIFICATE OF INSURANCE AND ANY ENDORSEMENT OR AMENDMENT TO EACH  
19 CERTIFICATE HOLDER. THE INSURER OR, IF AUTHORIZED BY THE INSURER, THE  
20 GROUP POLICYHOLDER OR THE GROUP POLICYHOLDER'S INSURANCE PRODUCER MAY SEND  
21 THE CERTIFICATE OF INSURANCE AND ANY ENDORSEMENT OR AMENDMENT TO THE  
22 CERTIFICATE HOLDERS ON BEHALF OF THE INSURER.

23 D. THE GROUP EXCESS LIABILITY INSURANCE POLICY SHALL BE PROVIDED TO  
24 A CERTIFICATE HOLDER WITHIN A REASONABLE PERIOD OF TIME AFTER THE  
25 CERTIFICATE OF INSURANCE IS DELIVERED TO A CERTIFICATE HOLDER, AND THE  
26 CERTIFICATE OF INSURANCE SHALL CONTAIN ALL MATERIAL TERMS AND CONDITIONS  
27 OF COVERAGE AFFORDED TO A CERTIFICATE HOLDER, INCLUDING A DISCLOSURE, IN  
28 CLEAR AND EASILY UNDERSTANDABLE LANGUAGE OF ANY LIMITATIONS, EXCLUSIONS OR  
29 REQUIRED UNDERLYING COVERAGES.

30 E. THE FOLLOWING REQUIREMENTS APPLY TO THE CANCELLATION, NONRENEWAL  
31 OR CONDITIONAL RENEWAL OF COVERAGE UNDER A GROUP EXCESS LIABILITY  
32 INSURANCE POLICY:

33 1. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, AN INSURER  
34 MAY CANCEL OR NOT RENEW A GROUP POLICY OR ANY CERTIFICATE OF INSURANCE  
35 ISSUED UNDER THE POLICY FOR ANY REASON. THE INSURER, OR IF AUTHORIZED BY  
36 THE INSURER, THE GROUP POLICYHOLDER'S INSURANCE PRODUCER, SHALL SEND  
37 NOTICE OF CANCELLATION OR NONRENEWAL TO THE GROUP POLICYHOLDER AND THE  
38 CERTIFICATE HOLDERS AT LEAST THIRTY DAYS BEFORE THE EFFECTIVE DATE OF THE  
39 CANCELLATION OR NONRENEWAL, OR TWENTY DAYS BEFORE THE EFFECTIVE DATE IF  
40 CANCELLATION IS FOR NONPAYMENT OF THE PREMIUM. IF AUTHORIZED BY THE  
41 INSURER, THE GROUP POLICYHOLDER MAY SEND THE NOTICE TO THE CERTIFICATE  
42 HOLDERS ON BEHALF OF THE INSURER.

43 2. THE POLICY SHALL SET FORTH THE CONDITIONS AND TIMING ON WHICH A  
44 CERTIFICATE HOLDER'S COVERAGE WILL TERMINATE FOLLOWING THE TERMINATION OF

1 THE CERTIFICATE HOLDER'S AFFILIATION WITH THE GROUP POLICYHOLDER THAT  
2 QUALIFIES THE CERTIFICATE HOLDER FOR MEMBERSHIP IN THE GROUP.

3 3. AN ACT OR OMISSION BY A CERTIFICATE HOLDER MAY NOT CONSTITUTE  
4 THE BASIS FOR CANCELLATION OF THE GROUP POLICY.

5 F. WITH THIRTY DAYS' WRITTEN NOTICE TO THE INSURER AND EACH  
6 AFFECTED CERTIFICATE HOLDER, A GROUP POLICYHOLDER MAY CANCEL THE GROUP  
7 POLICY FOR ANY REASON. A GROUP POLICYHOLDER IS NOT REQUIRED TO GIVE  
8 NOTICE TO THE AFFECTED CERTIFICATE HOLDERS IF SUBSTANTIALLY SIMILAR  
9 COVERAGE HAS BEEN OBTAINED FROM ANOTHER INSURER WITHOUT A LAPSE IN  
10 COVERAGE.

11 G. IF A CERTIFICATE HOLDER SUSTAINS A LOSS THAT WOULD BE COVERED BY  
12 THE GROUP EXCESS LIABILITY INSURANCE POLICY AND THAT OCCURS BEFORE THE  
13 EFFECTIVE DATE OF THE CANCELLATION, NONRENEWAL OR CONDITIONAL RENEWAL OF  
14 THE GROUP POLICY OR THE CERTIFICATE HOLDER'S CERTIFICATE OF INSURANCE,  
15 WHETHER INITIATED BY THE INSURER, GROUP POLICYHOLDER OR CERTIFICATE  
16 HOLDER, THE LOSS REMAINS COVERED AS PROVIDED UNDER THE GROUP POLICY  
17 NOTWITHSTANDING THE CANCELLATION, NONRENEWAL, CONDITIONAL RENEWAL OR  
18 TERMINATION.