



## Bill Text: AZ SB1206 | 2026 | Fifty-seventh Legislature 2nd Regular | Engrossed Arizona Senate Bill 1206

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**Bill Title:** Storm related insurance claims; adjusters

**Sponsorship:** Partisan Bill (Republican 1)

**Status:** (*Enrolled*) 2026-06-10 - Transmitted to Governor [SB1206 Detail]

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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 PAG

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

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

**20-321. Definitions**

In this article, unless the context otherwise requires:

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

~~2.~~ **"Adjuster":**

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

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

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

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

(b) Does not include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**20-321.02. Application of other laws**

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

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

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

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

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

**32-1158.02. Residential construction contracts**

**A.** For residential repair or replacement of damage resulting directly from a catastrophic storm in a specific area that is designated by an insurer, in addition to the requirements of section 32-1158, a licensed contractor who enters into a contract for the repair or replacement of a residential roof or other repair or replacement within the scope of the regulation of this chapter with a purchaser who resides in the residence or who intends to reside in the residence after the completion of the contract shall include **IN THE CONTRACT** at least the following provisions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. A precise description and location of all damage claimed or included on the repair estimate.
2. Documentation to support the damage claimed on the estimate, including photographs, digital images or another medium.
3. A detailed description and itemization of any emergency repairs already completed by the contractor.
4. If damaged areas are not included in the repair estimate, a specification of those areas and any reason for their exclusion from the repair estimate.
5. A provision stating whether ~~or not~~ the property was inspected before the preparation of the estimate, if the contract is a contract for repair or replacement of a roof, and whether the roof was physically accessed.
6. A provision stating that the contractor has made no assurances that the claimed loss will be covered by an insurance policy.

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

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

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

1. The insured owner gives the contractor permission.
2. The contractor is not compensated for the communication.

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

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

1. A government official **WHO IS** engaged in the performance of official duties.
2. An attorney **WHO IS** engaged in the performance of professional duties.
3. Licensed insurers and licensed insurance producers while engaged in the performance of their duties in connection with insurance transactions.
4. Any salaried office employee **WHO IS** performing exclusively clerical or administrative duties and who is not compensated in any manner for securing contracts related to post-storm residential repair or replacement contracting.
5. Photographers, estimators, appraisers or engineers **WHO ARE** employed exclusively for the purpose of furnishing technical assistance.
6. A private investigator who is licensed pursuant to chapter 24 of this title.
7. A full-time salaried employee of a property owner or property management company who is retained by a property owner, who has not been hired for the purpose of handling a specific claim resulting from a fire or casualty loss and who acts at the sole discretion of the property owner or management company regarding a claim related to the owner's property.

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