

**Department of Insurance****State of Arizona**

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Director of Insurance

REGULATORY BULLETIN 2008-02¹

TO: Insurance Rating Organizations; Insurance Industry Representatives; Insurance Trade Associations; Property & Casualty Insurers; and, Other Interested Parties

From: Christina Urias
Director

Date: February 11, 2008

RE: **Revision of Private Passenger Automobile Property Damage Threshold For Purposes Of A.R.S. § 20-1631(E)**

The Arizona Department of Insurance ("ADOI") administers the laws controlling insurers' ability to cancel or nonrenew personal automobile insurance policies in Arizona (see A.R.S. § 20-1631 *et seq.*). A.R.S. §20-1631(D) sets forth the limitations on an insurer's ability to cancel or nonrenew a personal automobile policy after it has been in effect for 60 days and A.R.S. §20-1631(E) lists additional conditions and limitations for cancellations and nonrenewals, including the provision that: "An insurer shall not fail to renew more than one-half of one percent of its policies annually pursuant to this subsection."

For accidents occurring after January 1, 2000, A.R.S. §20-1631(E) requires ADOI to annually adjust and publish, to the nearest \$10, the threshold amount of property damages insurers may use to nonrenew private passenger automobile policies under Subsection E. ADOI must base the threshold adjustment upon the percentage change in the all-items component of the consumer price index for all urban consumers (CPI-U) of the United States Department of Labor, Bureau of Labor Statistics (BLS). To date, the adjusted thresholds are as follows:

Circular Letter Or Bulletin Number	Date	BLS' CPI-U	Property Damage Threshold
Circular Letter 2000-3	2/14/00	2.2%	\$1,840
Regulatory Bulletin 2001-1	2/7/01	3.4%	\$1,900
Regulatory Bulletin 2002-1	1/28/02	2.8%	\$1,950
Regulatory Bulletin 2003-02	1/23/03	1.6%	\$1,980
Regulatory Bulletin 2004-1	2/13/04	2.3%	\$2,030
Regulatory Bulletin 2005-2	2/2/05	2.7%	\$2,080
Regulatory Bulletin 2006-1	1/19/06	3.4%	\$2,150
Regulatory Bulletin 2007-1	2/1/07	3.2%	\$2,220

¹This 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 Arizona Revised Statutes Section 41-1033 for a review of the Statement.

The BLS' most current United States' City Average CPI-U is 2.8%. Therefore, as of the date of this Regulatory Bulletin, **the Department hereby increases the property damage threshold level to \$2,280** (\$2,220 X 1.028 rounded to the nearest \$10). Insurers may not use Subsection E as a basis to nonrenew personal automobile policies unless they meet all of the A.R.S. §20-1631(E) requirements and the property damage exceeded \$2,280 in 2008.

The \$2,280 threshold is effective immediately and remains in effect until the Department publishes an adjusted threshold in 2009.

Please direct any questions related to this Regulatory Bulletin to Jack Sneathen at (602) 364-3453 or jsneathen@azinsurance.gov.