



**Office of the Director
Arizona Department of Insurance**

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**Douglas A. Ducey, Governor
Leslie R. Hess, Interim Director**

REGULATORY BULLETIN 2016-01 ¹

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

From: Leslie R. Hess
Interim Director

Date: March 8, 2016

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

As of the date of this Regulatory Bulletin, the property damage "threshold amount" established by the Arizona Department of Insurance ("ADOI") pursuant to A.R.S. § 20-1631(E) is **\$2,610**.

The Arizona Department of Insurance ("ADOI") administers the laws set forth in Arizona Revised Statutes ("A.R.S."), Title 20. A.R.S. §20-1631, in part, sets forth certain conditions that must be met before an insurer may cancel or non-renew a personal automobile policy. A.R.S. §20-1631(E) allows an insurer to decline to renew up to one-half of one percent of policies for which a singular driver had at least three at-fault accidents within the 36 months preceding nonrenewal and each of the three accidents involved property damage in an amount that was at or above the "threshold amount" determined by the ADOI.

A.R.S. §20-1631(E) requires ADOI to annually adjust and publish, to the nearest \$10, the threshold amount based upon the percentage change in the all-items component of the Consumer Price Index for All Urban Consumers (CPI-U), published by the United States Department of Labor, Bureau of Labor Statistics (BLS). Below are the five most recent threshold amounts.

Regulatory Bulletin Number	Date	Change to CPI-U Annual Average	Property Damage Threshold
Regulatory Bulletin 2011-02	1/31/2011	1.6%	\$2,400
Regulatory Bulletin 2012-01	1/31/2012	3.2%	\$2,480
Regulatory Bulletin 2013-01	1/23/2013	2.1%	\$2,530
Regulatory Bulletin 2014-01	2/5/2014	1.5%	\$2,570
Regulatory Bulletin 2015-01A	2/11/2015	1.6%	\$2,610

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

The annual average Historical Consumer Price Index for All Urban Consumers (CPI-U) for “All items” for Calendar Year 2015 was 237.017, which was a 0.12% increase above the average index for 2014 (which was 236.736 as reflected in the “Annual avg.” column of Table 24 of the *CPI Detailed Report*, published by the BLS (<http://www.bls.gov/cpi/cpid1512.pdf>). Therefore, with this Regulatory Bulletin, the property damage threshold remains at \$2,610 ($\$2,610 \times 1.0012$ rounded to the nearest \$10). The \$2,610 threshold remains in effect until the ADOI publishes an adjusted threshold in 2017.

Please direct any questions related to this Regulatory Bulletin to the Rate and Form Division at (602) 364-3453 or propcas@azinsurance.gov.