Financial Institutions, Insurance & Retirement Committee

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FINANCIAL INSTITUTIONS, INSURANCE & RETIREMENT COMMITTEE

LEGISLATION ENACTED

~~minimum wage, conflicting law, repeal~~ (NOW: loan origination licensing) (S.B. 1028) – Chapter 310

Beginning January 1, 2010, requires all loan originators to be licensed by the Department of Financial Institutions (DFI). Requires an applicant for a license to: 1) complete a loan originator course approved by the Superintendent of DFI (Superintendent) during the year preceding the time of application or have at least three years of loan origination experience immediately preceding the time of application; 2) pass a loan originator examination approved by DFI within the year preceding the granting of the license; 3) submit an application in writing with any additional information as requested; and 4) submit a nonrefundable application fee.

Designates acts from which a loan originator is prohibited from engaging. Enables the Superintendent to deny, suspend or revoke a loan originator's license and exempts specified individuals from the loan originator license. Requires annual renewal of a loan originator license. Requires the Superintendent to establish a Loan Originator Examination Committee to create and periodically update standards for passing an examination for loan originators.

~~AMA water districts; conflicting versions~~ (NOW license renewals; bankers; mortgage brokers) (S.B. 1029) – Chapter 311

Changes, from September 30 to December 31, the license renewal deadline date for mortgage brokers. Changes, from March 31 to December 31, the license renewal deadline date for mortgage bankers and commercial mortgage bankers.

~~economic development; conflicting laws; repeal~~ (NOW: PSPRS; medical personnel; service definition) (S.B. 1030) – Chapter 227

Allows a current Public Safety Personnel Retirement System (PSPRS) member to redeem prior service while employed by a private corporation that performed firefighting services to a PSPRS employer. The employer may elect to pay for the service by amending its joinder agreement, or without such an amendment the employee is permitted to purchase the prior service.

~~real estate disclosure; liens~~ (NOW: CORP; judiciary; other designated position) (S.B. 1043) – Chapter 185

Authorizes the local board of the Judiciary to designate positions within the Administrative Office of the Courts that require direct contact with and primarily provide training or technical expertise to county probation, surveillance or juvenile detention officers as Corrections Officer Retirement Plan (CORP) positions. To qualify as a CORP position, the employee filling the position must currently be a CORP member employed as a probation, surveillance or juvenile detention officer, have at least five years of credited service in CORP and make a written request to the local board within 90 days of accepting the position that the position be CORP designated.

insurance producers; examinations; applicability (S.B. 1086) – Chapter 122

Requires all insurance producer license applicants to pass an insurance producer examination within the one-year period preceding their application submission. Permits an individual who is called into active military service to get an extension equal to the number of days the individual was in active military service, not to exceed one and one-half years.

~~marriage; dissolution; community property~~ (NOW: PSPRS; investments; management) (S.B. 1151) – Chapter 125 E

Beginning April 29, 2008, allows the Fund Manager of the Public Safety Personnel Retirement System (PSPRS) to retain external investment management, allows the Fund Manager to commingle assets of PSPRS, the Elected Officials' Retirement Plan and the Corrections Officer Retirement Plan and makes changes to various current investment caps.

replacement policies; application of law (S.B. 1163) – Chapter 160

Exempts an insurance provider from the requirement that the provider present a replacement policy and new disclosures to existing policyholders who exercise a term conversion privilege among corporate affiliates.

credit report; score; security freeze (S.B. 1185) – Chapter 43

Establishes procedures and requirements for a consumer to request that a consumer reporting agency place a freeze on the consumer's credit report. A freeze must be placed on a credit report within ten business days of the request and remain in effect until the consumer requests otherwise. Guidelines for temporarily lifting and removing a security freeze are also established, including a specific timeframe in which the consumer reporting agency must temporarily lift or remove a freeze. Specifies entities that are entitled to access a frozen credit report. Protects a consumer reporting agency from liability for failing to lift a security freeze and stipulates specific actions for which the consumer reporting agency is liable to the consumer for damages. Becomes effective September 1, 2008, or, if the general effective date is later, it becomes effective retroactively to September 1, 2008.

~~burden of proof; emergency treatment.~~ (NOW: insurance; long-term care) (S.B. 1223) – Chapter 230

SEE HEALTH COMMITTEE.

ASRS; federal conforming changes (S.B. 1225) – Chapter 29

Conforms statute relating to the Arizona State Retirement System with changes made to the federal Internal Revenue Code relating to direct rollovers of after-tax contributions, interest rate assumptions, mortality tables and transfers of death-benefits for nonspouse beneficiaries.

cease and desist orders; disclosure. (S.B. 1285) – Chapter 84

Requires a cease and desist order issued by the Superintendent of the Department of Financial Institutions for a violation that relates to unlicensed activity to be open to public inspection.

~~PSPRS; deferred retirement; technical correction~~ (NOW: ASRS; administration procedures) (S.B. 1407) – Chapter 264 E

Effective June 10, 2008, exempts the Arizona State Retirement System (ASRS) from the Revised Arizona Unclaimed Property Act and establishes procedures for unclaimed property within ASRS.

The bill also establishes guidelines for transfers out of ASRS into another retirement system or plan; authorizes the ASRS Board to adopt, amend or repeal rules for the administration of the LTD Program or for transfers; stipulates that a member who reinstates previously forfeited service is subject to the benefits and duties in effect at the time of the member's most recent reemployment; and requires ASRS to recover any overpayments to members or beneficiaries by reducing any future benefit payment. An appropriation of $137,607 in FY 2008-2009 from the ASRS Administration Account to the ASRS is included and exempted from lapsing.

~~global security risks; investments; prohibition~~ (NOW: divestments; terrorism countries; contract prohibition) (S.B. 1489) – Chapter 201

SEE APPROPRIATIONS COMMITTEE.

insurance; technical changes; definitions (H.B. 2031) – Chapter 163

Relocates provisions of statute that prohibit a person from using an insurance license principally to insure the licensee, the licensee's family or the licensee's other insurable interests, making the prohibition a compliance requirement rather than a licensing issue. Removes the requirement that a licensee deliver a suspended or revoked license to the Department of Insurance. Modifies the definition of "company action level event" as it applies to filing a risk-based capital report. Expands the definition of "major line insurance" to include personal lines insurance.

~~PSPRS; medical personnel; service definition~~ (NOW: state treasurer; employees; background checks) (H.B. 2053) – Chapter 176

Authorizes the State Treasurer to obtain federal criminal records and periodically review credit standings for all prospective and current employees.

PSPRS; local boards; procedures (H.B. 2058) – Chapter 59

Requires a local board of the Public Safety Personnel Retirement System to commence a hearing on a matter before it within 90 days after the matter is presented to the local board. Automatic approval of the relief demanded by the petitioning party is granted if the local board fails to commence a hearing within the 90 days. Stipulates that legal counsel employed by a local board represents the local board and is independent of the employer or employee.

PSPRS; health insurance subsidy; employer (H.B. 2059) – Chapter 233 E

Effective May 23, 2008, repeals the $25 monthly subsidy cap, which was to take effect on July 1, 2008, for retired Public Safety Personnel Retirement System members who elect to purchase individual health care coverage.

ASRS; global security risk report (H.B. 2061) – Chapter 133

Requires the Arizona State Retirement System to submit its annual report on global security risk to the Senate and House of Representatives standing committees on retirement issues, rather than the Senate Finance and House Government and Ways and Means standing committees.

captive insurers; authority (H.B. 2081) – Chapter 213

Allows captive insurers to directly insure employment practices liability risk, branch captives to provide the same lines of coverage as pure captives and pure captives to form as a limited liability company. Removes the requirement that at least one organizing subscriber of a reciprocal insurer be a resident of Arizona.

CORP; joinders; credited service (H.B. 2116) – Chapter 242

Provides for the transfer of credited service in a Corrections Officer Retirement Plan (CORP) designated position accumulated by a dispatcher from another Arizona defined benefit state retirement system or plan if a governing body or agency elects to form a joinder agreement. Changes, from 60 to 90, the number of days after the employer's effective date that a state defined benefit plan is required to transfer any assets to CORP.

~~CORP; disability retirements~~ (NOW: CORP; member contributions; disability) (H.B. 2117) – Chapter 234

Extends eligibility for ordinary disability benefits to all Corrections Officer Retirement Plan (CORP) members. Increases, by .45 percent, the employee contribution rate for all CORP members, except dispatchers, until the fund reaches 100 percent funding level.

CORP; DPS detention officers (H.B. 2120) – Chapter 144

Adds Department of Public Safety (DPS) detention officers as a designated group for membership in the Corrections Officer Retirement Plan (CORP) and permits the officers to participate in CORP if the Director of DPS enters into a joinder agreement with the CORP Fund Manager.

~~DOA; confidential data positions; fingerprints~~ (NOW: Iran; public fund divestment) (H.B. 2151) – Chapter 235 E

SEE GOVERNMENT COMMITTEE.

service company contracts (H.B. 2224) – Chapter 172

Limits a manufacturer's, builder's or seller's exemption from obtaining a permit to offer service contracts to only those warranties issued on the actual items, structures or improvements that they manufacture, build or sell. Exempts the following from requiring a permit: 1) a contractor whose service contract only covers the actual items, structures or improvements being installed, constructed or built; and 2) a limited duration maintenance agreement that only provides for scheduled maintenance and does not include repair or replacement.

~~actuarial opinion; technical correction~~ (NOW: boiler inspectors; immunity) (H.B. 2228) – Chapter 215

Exempts an insurer or an insurer's agents or employees from liability for damages that result from an act or omission during the course of performing boiler or lined hot water storage heater inspections. The exemption does not apply if the gross negligence of the insurer, its agent or its employee created the condition that was the cause of the injury, death or loss.

~~schools; textbook purchases; technical correction~~ (NOW: insurance transactions; false disclosures) (H.B. 2282) – Chapter 236

Prohibits an insurance producer, consultant or third party administrator from falsely disclosing the method or amount of compensation associated with a health benefits plan.

counties; debit card acceptance (H.B. 2378) – Chapter 245

Allows counties to accept payment of monies for services by credit or debit cards and requires all fees or costs incurred by the use of the cards to be paid by the person tendering payment, unless the government entity determines that the benefits of the transaction exceed the additional processing costs.

~~insurance; authorized reinsurance~~ (NOW: stranger originated life insurance) (H.B. 2513) – Chapter 240

Establishes prohibited practices associated with stranger originated life insurance (STOLI) policies, including a situation in which, at the time of the policy's inception, life insurance is purchased with resources or guarantees from or through a person or entity that could not lawfully initiate the policy and there is an agreement to directly or indirectly transfer the ownership of the policy or the policy benefits to a person or entity that lacks an insurable interest. The bill further specifies allowable practices associated with STOLI policies, primarily consisting of the assignment of a policy after its inception, a business succession planning arrangement and certain types of loans.

extension of credit; identity theft (H.B. 2587) – Chapter 46

Prohibits any person who does not use a consumer's credit report from approving an application, from extending credit or from lending money unless the person takes reasonable steps to verify the consumer's identity and confirm that the application for extension of credit is not the result of identity theft or aggravated identity theft. Prohibits any person who uses a consumer's credit report to approve an application for the extension of credit or to lend money if the creditor receives notification that a police report has been filed with a consumer reporting agency indicating the applicant has been a victim of identity theft or if the creditor receives notification that the consumer has placed a fraud alert or security freeze on the credit report. Exempts financial institutions that are required to have a customer identification program pursuant to federal law from the new procedures pertaining to taking reasonable steps to verify the consumer's identity.

insurance contracts; small employer coverage (H.B. 2658) – Chapter 118

SEE COMMERCE & ECONOMIC DEVELOPMENT COMMITTEE.

Sudan; investments; business operations; prohibition (H.B. 2705/S.B. 1366) – Chapter 1

SEE COMMERCE & ECONOMIC DEVELOPMENT COMMITTEE.

Arizona trust code (H.B. 2806) – Chapter 247

Establishes the Arizona Trust Code (ATC), effective January 1, 2009, for all trusts and judicial proceedings concerning trusts, unless otherwise provided by law. The bill repeals and modifies existing laws, codifies common law practices and creates new rules and guidelines concerning the creation and implementation of trusts, the duty of trustees and judicial proceedings. New ATC provisions stipulate that the terms of a trust prevail over the ATC, except under specified instances. The ATC permits interested parties to enter into a binding, nonjudicial settlement agreement with respect to any matter involving a trust, except for modifying or terminating a trust. Changes in the code prohibit a judgment or court order against the beneficiary for spousal maintenance from being attached to present or future distributions to the beneficiary, while still permitting the attachment of child support or maintenance judgments or orders. The bill also prohibits a creditor of a settlor from reaching any trust property that is used to pay or reimburse the settlor for any income tax on trust income or trust principal that is payable by the settlor.

~~autism; covered benefit denial prohibited~~ (NOW: autism; covered benefit denial prohibition) (H.B. 2847/S.B. 1263) – Chapter 4

SEE HEALTH COMMITTEE.