PROPOSED AMENDMENT

SENATE AMENDMENTS TO S.B. 1118

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

   “Section. 1. Section 20-1112, Arizona Revised Statutes, is amended to read:

   20-1112. Standard provisions

   A. Insurance contracts shall contain such standard provisions as are required by the applicable provisions of this title pertaining to contracts of particular kinds of insurance. The director may waive the required use of a particular standard provision in a particular insurance policy form if he finds such provision unnecessary for the protection of the insured and inconsistent with the purposes of the policy and the policy is otherwise approved by him.

   B. No policy shall contain any provision inconsistent with or contradictory to any standard provision used or required to be used, but the director may approve any substitute policy or provision which, when viewed in its entirety, is substantially equivalent to or more favorable to the insured or beneficiary than the standard provisions or optional standard provisions otherwise required.

   C. In lieu of the standard provisions required by the provisions of this title for contracts for particular kinds of insurance, substantially similar standard provisions required by the law of the domicile of a foreign or alien insurer may be used when approved by the director.

2 Sec. 2. Section 20-1631, Arizona Revised Statutes, is amended to read:

   20-1631. Definition of motor vehicle; cancellation of or failure to renew coverage; limitations; limitation of liability; exceptions; insurance producers

   A. In this article, unless the context otherwise requires, “motor vehicle” means a licensed land, motor-driven vehicle but does not mean:

   1. A private passenger or station wagon type vehicle used as a public or livery conveyance or rented to others.
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2. Any other four-wheel motor vehicle of a load capacity of fifteen hundred pounds or less that is used in the business of transporting passengers for hire, used in business primarily to transport property or equipment, used as a public or livery conveyance or rented to others.

3. Any motor vehicle with a load capacity of more than fifteen hundred pounds.

B. A motor vehicle used as a public or livery conveyance or rented to others does not include a motor vehicle used in the course of volunteer work for a tax-exempt organization as described in section 43-1201, subsection A, paragraph 4.

C. An insurer shall not cancel or refuse to renew a motor vehicle insurance policy solely because of the location of residence, age, race, color, religion, sex, national origin or ancestry of anyone who is an insured.

D. An insurer shall not issue a motor vehicle insurance policy in this state unless the cancellation and renewal conditions of the policy or the endorsement on the policy includes the limitations required by this section. After a policy issued in this state has been in effect for sixty days, or if the policy is a renewal, effective immediately, the company shall not exercise its right to cancel or fail to renew the insurance afforded under the policy unless:

1. The named insured fails to discharge when due any of the obligations of the named insured in connection with the payment of premium for this policy or any installment of the premium.

2. The insurance was obtained through fraudulent misrepresentation.

3. The named insured, any person who resides in the same household as the named insured and customarily operates a motor vehicle insured under the policy or any other person who regularly and frequently operates a motor vehicle insured under the policy:

   (a) Has had the person's driver license suspended or revoked during the policy period.

   (b) Develops a permanent disability, either physically or mentally, and such individual does not produce a certificate from a physician or a
registered nurse practitioner testifying to such person's ability to operate
a motor vehicle.

(c) Is or has been convicted during the thirty-six months immediately
preceding the effective date of the policy or during the policy period of:
(i) Criminal negligence resulting in death, homicide or assault and
arising out of the operation of a motor vehicle.
(ii) Operating a motor vehicle while in an intoxicated condition or
while under the influence of drugs.
(iii) Leaving the scene of an accident.
(iv) Making false statements in an application for a driver license.
(v) Reckless driving.

4. The insurer is placed in rehabilitation or receivership by the
insurance supervisory official in its state of domicile or by a court of
competent jurisdiction or the director has suspended the insurer's
certificate of authority based on its financially hazardous condition.

5. The named insured, any person who resides in the same household as
the named insured and customarily operates a motor vehicle insured under the
policy or any other person who regularly and frequently operates a motor
vehicle insured under the policy uses a motor vehicle rated or insured under
the policy as a private passenger motor vehicle regularly and frequently for
commercial purposes.

6. The director determines that the continuation of the policy would
place the insurer in violation of the laws of this state or would jeopardize
the solvency of the insurer.

7. If the insured and the insured's family members are eligible for
insurance based solely on the insured's employment with the insurer,
employment of the insured with that insurer is terminated and the insurer
exercises its right to nonrenew the policy within twelve months following the
insured's termination of employment.

8. IF THE NAMED INSURED USES THE MOTOR VEHICLE TO PROVIDE
TRANSPORTATION NETWORK SERVICES AS DEFINED BY A.R.S. § 41-2051, UNLESS THE
POLICY SPECIFICALLY PROVIDES COVERAGE FOR THE PROVISION OF TRANSPORTATION
NETWORK SERVICES.
E. In addition to the authorization to fail to renew insurance provided by subsection D of this section, an insurer may exercise its right to fail to renew a motor vehicle insurance policy pursuant to this subsection. An insurer shall provide notice of the nonrenewal to the named insured as prescribed by section 20-1632 at least forty-five days before the nonrenewal. A named insured who disputes the nonrenewal of the named insured's policy may file an objection with the director pursuant to section 20-1633. An insurer shall not fail to renew more than one-half of one percent of its policies annually pursuant to this subsection. An insurer may fail to renew a motor vehicle insurance policy if the named insured, any person who resides in the same household as the named insured and who customarily operates a motor vehicle insured under the policy or any other person who regularly and frequently operates a motor vehicle insured under the policy has had at any time during the thirty-six months immediately before the notice of nonrenewal three or more at-fault accidents under any motor vehicle insurance policy issued by this insurer in which the property damage paid by the insurer for each accident that occurred prior to January 1, 2000 is more than one thousand eight hundred dollars. For accidents occurring on or after January 1, 2000, the department of insurance shall annually adjust and publish, to the nearest ten dollars, the threshold amount of property damages in this subsection by the percentage change in the all items component of the consumer price index for all urban consumers of the United States department of labor, bureau of labor statistics. The insurer shall not exercise its right to fail to renew the insurance under this subsection unless the same individual has had all the accidents that make the policy subject to nonrenewal under this subsection. The insurer shall not exercise its right to fail to renew a motor vehicle insurance policy pursuant to this subsection due to the accident record of the named insured if the named insured has been insured for standard automobile bodily injury coverage for at least ten consecutive years with the same insurer prior to the most recent accident that makes the policy subject to nonrenewal under this subsection. For the purposes of this subsection, "at-fault" means the insured is at least fifty per cent responsible for the accident.
F. The company shall not cancel or fail to renew the insurance when a person other than the named insured has violated subsection D, paragraph 3 of this section, or fail to renew the insurance pursuant to subsection E of this section due to the driving record of an individual other than the named insured, if the named insured in writing agrees to exclude as insured the person by name when operating a motor vehicle and further agrees to exclude coverage to the named insured for any negligence that may be imputed by law to the named insured arising out of the maintenance, operation or use of a motor vehicle by the excluded person. The written agreement that excludes coverage under a policy for a named individual is effective for each renewal of the policy by the insurer and remains in effect until the insurer agrees in writing to provide coverage for the named individual who was previously excluded from coverage.

G. This article does not apply to any policy that has been in effect less than sixty days at the time notice of cancellation is mailed or delivered by the insurer unless the policy is a renewal policy, or to policies:

1. Insuring any motor vehicle other than a private passenger motor vehicle as defined in section 20-117.

2. Insuring the motor vehicle hazard of garages, motor vehicle sales agencies, repair shops, service stations or public parking places.

3. Providing insurance only on an excess basis.

H. If a consumer purchases motor vehicle insurance coverage from an insurance producer licensed in this state, the insurance producer that owns the policy expiration shall remain the insurance producer of record for that insured. In the event the insurer terminates the insurance producer’s contract, the insurance producer shall continue to provide customary services to the insured. The insurer shall provide the insurance producer with a minimum degree of authority necessary to provide customary services to the insured and shall provide the same level of compensation for these services that were in effect prior to the termination of the insurance producer contract.
I. Subsection H of this section shall not apply if one or more of the following conditions exist:

1. The insurance producer of record has had its license suspended or revoked by the department.
2. The insurance producer of record is indebted to the insurer.
3. The insured has supplied the insurer with a written request that its insurance producer of record be changed to another insurance producer of the insurer.
4. The insurance producer of record has authorized transfer of this account to another licensed insurance producer of the insurer.
5. The director has determined after a public hearing that continuation of this relationship is not in the best interest of the public.
6. The insurance producer of record is under an exclusive contract or contract requiring the insurance producer to submit all eligible business to an insurer or group of insurers under a common management.

J. Subsection H of this section shall not apply to any transaction in which the expiration of the policies is owned by the insurer.

K. Notwithstanding any law to the contrary, the issuance at renewal of revised policy provisions to modify an existing policy by adding coverages or policy provisions, modifying coverages or policy provisions, or eliminating coverages or policy provisions is not a nonrenewal or cancellation of the policy if the modification of a basic coverage does not eliminate the essential benefit of that basic coverage. If the modification of the basic coverage eliminates the essential benefit of the basic coverage, the director shall order the insurer to remove the modification from the policy. This subsection does not allow the insurer, without the written consent of the insured, to eliminate the basic coverages of the policy or to reduce the monetary limits of any of the basic coverages of the policy that were selected and agreed on. This subsection does not limit a policyholder from continuing to renew uninsured or underinsured motorist coverage pursuant to section 20-259.01. For the purposes of this subsection, "basic coverage" means any of the following:

1. Bodily injury coverage.
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2. Property damage coverage.
3. Uninsured motorist coverage.
4. Underinsured motorist coverage.
5. Medical payments coverage.
6. Comprehensive coverage.
7. Collision coverage.

L. For the purposes of this section, "fail to renew" or "nonrenewal" does not include the issuance and delivery of a new policy within the same insurer or an insurer under the same ownership or management as the original insurer as provided in this subsection. An insurer may transfer up to one per cent of its policies to an affiliated insurer within one calendar year if under a policy to be transferred one or more of the insureds that are insured under the policy have individually within the past thirty-six months had two or more at-fault accidents under any motor vehicle insurance policy issued by this insurer in which the property damage paid by the insurer for each accident exceeded one thousand five hundred dollars or individually have had three or more moving violations. Moving violations for which an insured completes an approved traffic school program shall not be considered as a moving violation under this section. A company shall not transfer a policy if a named insured agrees in writing to exclude as an insured a person or persons who each individually meet the criteria for transfer pursuant to this subsection and further agrees to exclude coverage for any negligence that may be imputed by law to the named insured arising out of the maintenance, operation or use of a motor vehicle by such excluded person or persons. An insurer shall transfer only those individuals responsible for the at-fault accidents or moving violations, and the excluded or transferred insured's driving record shall not be used in determining rates, surcharges or premiums for the nonexcluded or nontransferred insured. The one per cent limit set forth in this subsection shall not apply to transfers of policies from the original insurer to another insurer under the same ownership or management as the original insurer if the rates charged by the other insurer are the same as or lower than the rates charged by the original insurer. No insurer shall transfer policyholders because of their location of residence, age, race,
color, religion, sex, national origin or ancestry. Transfers by an insurer pursuant to this subsection shall not be construed to permit a new unrestricted sixty day period for cancellation or nonrenewal.

M. Except as provided in this subsection, an insurer shall not refuse to renew a policy until after August 31, 1998, based on an insured's failure to maintain membership in a bona fide association, until both the insurer and bona fide association have complied with this subsection and shall not refuse to renew any coverage continuously in effect before September 1, 1998, subject to all the following:

1. In addition to any other reason provided in this section, an insurer may refuse to renew an insurance policy issued pursuant to this article if all of the following conditions apply:

   (a) The insurer clearly discloses to the applicant and the insured in the application for insurance and insurance policy that both the payment of dues and current membership in the bona fide association are prerequisites to obtaining or renewing the insurance.

   (b) Any money paid to the bona fide association as a membership fee:

      (i) Is not used by the insurer directly or indirectly to defray any costs or expenses in connection with the sale or purchase of the insurance.

      (ii) Is set independently of any factor used by the insurer to make any judgment or determination about the eligibility of any individual, including the member, an employee of a member or a dependent of a member, to purchase or renew the insurance.

   (c) The bona fide association has filed a certification with the director verifying the eligibility of the insurer to refuse to renew an insurance policy based on membership in the bona fide association.

2. To qualify as a bona fide association pursuant to this subsection, the association shall meet all of the requirements of this paragraph. The association shall file a statement with the director at least thirty days before the commencement of the offer or sale of insurance as provided by this subsection verifying that the association meets the requirements of this paragraph. The association shall update the filing required by this paragraph at least thirty days before the effective date of any material

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change in the information contained in the statement, and shall file a separate notice with the director if the insurance described in the statement is no longer available through the association. The statement shall include the following information:

   (a) That the association has been in active existence for at least five consecutive years immediately before the filing of the statement.

   (b) That the association has been formed and maintained in good faith for purposes other than obtaining or providing insurance and does not condition membership in the association on the purchase of insurance.

   (c) That the association has articles of incorporation and bylaws or other similar governing documents.

   (d) That the association does not condition membership in the association or set membership fees on the eligibility of any individual, including the member, an employee of the member or a dependent of the member, to purchase or renew the insurance, or on any factor that the insurer could not lawfully consider when setting rates.

   (e) That the association has a relationship with a specific insurer or insurers and identifies the insurer or insurers.

3. Membership fees collected by the bona fide association are not premiums of the insurer that issued the coverage unless the bona fide association:

   (a) Uses any portion of the membership fees directly or indirectly to defray any costs or expenses in connection with the sale or purchase of the insurance.

   (b) Sets or adjusts membership fees for any member of the bona fide association based on any factor used by the insurer that issues the insurance to make any judgment or determination about the eligibility of any individual, including the member, an employee of the member or a dependent of the member, to purchase or renew the insurance.

4. If the membership fees constitute premiums pursuant to paragraph 3 of this subsection, an insurer shall not refuse to renew a policy as otherwise permitted by this subsection.

Sec. 3. Section 28-142, Arizona Revised Statutes, is amended to read:
28-142. **Livery vehicle, taxi and limousine regulation; state preemption**

The regulation and use of livery vehicles, taxis, TRANSPORTATION NETWORK COMPANIES, TRANSPORTATION NETWORK COMPANY VEHICLES, and limousines are of statewide concern. Livery vehicles, taxis, TRANSPORTATION NETWORK COMPANIES, TRANSPORTATION NETWORK COMPANY VEHICLES, and limousines and their use that are regulated pursuant to this title are not subject to further regulation by a county, city, town or other political subdivision of this state, except that a public airport operator that operates a public airport pursuant to section 28-8421, 28-8423 or 28-8424 or a public body operating a public airport may establish the number of livery vehicles, taxis, TRANSPORTATION NETWORK COMPANIES, TRANSPORTATION NETWORK COMPANY VEHICLES, or limousines that may conduct business at a public airport or may set additional or more restrictive requirements for the conduct of that business at a public airport.

Sec. 4. Section 41-2051, Arizona Revised Statutes, is amended to read:

41-2051. **Definitions**

In this chapter, unless the context otherwise requires:

1. "Biodiesel" means a diesel fuel substitute that is produced from nonpetroleum renewable resources as defined by the United States environmental protection agency and that meets the registration requirements for fuels and fuel additives established by the United States environmental protection agency pursuant to section 211 of the clean air act, as defined in section 49-401.01.

2. "Biodiesel blend" means a motor fuel that is comprised of biodiesel and diesel fuel and that is designated by the letter "B", followed by the numeric value of the volume percentage of biodiesel in the blend.

3. "Biofuel" means a solid, liquid or gaseous fuel that is derived from biomass and that can be used directly for heating or power or as a motor fuel.

4. "Biofuel blend" means a motor fuel that is comprised of a biofuel, that is combined with a petroleum based fuel and that is designated by the volume percentage of biofuel in the blend.
5. "Biomass" means biological material, such as plant or animal matter, excluding organic material that has been transformed by geological processes into substances such as coal or petroleum or derivatives thereof, that may be transformed into biofuel.

6. "Certification" means the process of determining the accuracy of a commercial device to the standards of this state by a registered service representative or the department.

7. "Commercial device" means any weighing, measuring, metering or counting device that is used to determine the direct cost of things sold or offered or exposed for sale, or used to establish a fee for service if the cost is based on weight, measure or count, except that it does not include those devices used for in-house packaging, inventory control or law enforcement purposes.

8. "Commodity" means any merchandise, product or substance produced or distributed for sale to or use by others.

9. "Correct" as used in connection with weights and measures means conformance to all applicable requirements of this chapter.

10. "Department" means the department of weights and measures.

11. "Diesel fuel" means a refined middle distillate that is used as a fuel in a compression-ignition internal combustion engine and that meets the specifications of ASTM D975.

12. "Director" means the director of the department of weights and measures.

13. "E85" means a fuel ethanol gasoline blend that meets the specifications of ASTM D5798.

14. "Inspector" means state officials of the department of weights and measures.

15. "Limousine" means a motor vehicle providing prearranged ground transportation service for an individual passenger, or a group of passengers, that is arranged in advance or is operated on a regular route or between specified points and includes ground transportation under a contract or agreement for services that includes a fixed rate or time and is provided in
a motor vehicle with a seating capacity not exceeding fifteen passengers, including the driver.

16. "Liquid fuel measuring device" means any meter, pump, tank, gauge or apparatus used for volumetrically determining the quantity of any internal combustion engine fuel, liquefied petroleum gas or low viscosity heating oil.

17. "Livery vehicle" means a motor vehicle that:
   (a) Has a seating capacity not exceeding fifteen passengers, including the driver.
   (b) Provides passenger services for a fare determined by a flat rate or flat hourly rate between geographic zones or within a geographic area.
   (c) Is available for hire on an exclusive or shared ride basis.
   (d) May do any of the following:
      (i) Operate on a regular route or between specified places.
      (ii) Offer prearranged ground transportation service as defined in section 28-141.
      (iii) Offer on demand ground transportation service pursuant to a contract with a public airport, licensed business entity or organization.

18. "Misfuel" means the act of dispensing into the fuel tank of a motor vehicle a motor fuel that was not intended to be used in the engine of that motor vehicle.

19. "Motor fuel" means a petroleum or a petroleum based substance that is motor gasoline, aviation gasoline, number one or number two diesel fuel or any grade of oxygenated gasoline typically used in the operation of a motor engine, including biodiesel blends, biofuel blends and the ethanol blend E85 as defined in ASTM D5798.

20. "Package" means any commodity enclosed in a container or wrapped in any manner in advance of sale in units suitable for either wholesale or retail trade.

21. "Person" means both the plural and the singular, as the case demands, and includes individuals, partnerships, corporations, companies, societies and associations.

22. "Public weighmaster" means any person who is engaged in any of the following:
(a) The business of weighing any object or thing for the public generally for hire or for internal use and issuing for that weighing a weight certificate intended to be accepted as an accurate weight upon which a purchase or sale is to be based or on which a service fee is to be charged.

(b) The business of weighing for hire motor vehicles, trailers or semitrailers and issuing weight certificates intended to be accepted as an accurate weight for the purpose of determining the amount of any tax, fee or other assessment on the vehicles.

23. "Reference standards" means the physical standards of the state that serve as the legal reference from which all other standards and weights and measures are derived.

24. "Registered service agency" means any agency, firm, company or corporation that for hire, award, commission or any other payment of any kind installs, services, repairs or reconditions a commercial device or tests or repairs vapor recovery systems or vapor recovery components and that has been issued a license by the department.

25. "Registered service representative" means any individual who for hire, award, commission or any other payment of any kind installs, services, repairs or reconditions a commercial device or tests or repairs vapor recovery systems or vapor recovery components and who has been issued a license by the department.

26. "Retail seller" means a person whose business purpose is to sell, expose or offer for sale or use any package or commodity by weight, measure or count.

27. "Sale from bulk" means the sale of commodities when the quantity is determined at the time of sale.

28. "Secondary standards" means the physical standards that are traceable to the reference standards through comparisons, using acceptable laboratory procedures, and that are used in the enforcement of weights and measures laws and rules.

29. "Taxi" means a motor vehicle that has a seating capacity not exceeding fifteen passengers, including the driver, that is registered as a
taxi in this state or any other state, that provides passenger services and
that:

(a) Does not primarily operate on a regular route or between specified
places.

(b) Offers local transportation for a fare determined on the basis of
the distance traveled or prearranged ground transportation service as defined
in section 28-141 for a predetermined fare.

30. "Taxi meter" means a commercial device that meets the requirements
of the national institute of standards and technology handbook 44 as
prescribed by section 41-2064.

31. "TRANSPORTATION NETWORK COMPANY" MEANS AN ENTITY LICENSED PURSUANT
TO THIS CHAPTER AND OPERATING IN ARIZONA THAT USES A DIGITAL NETWORK OR
SOFTWARE APPLICATION SERVICE TO CONNECT PASSENGERS TO TRANSPORTATION NETWORK
COMPANY SERVICES PROVIDED BY TRANSPORTATION NETWORK COMPANY DRIVERS. A
TRANSPORTATION NETWORK COMPANY IS NOT DEEMED TO OWN, CONTROL, OPERATE OR
MANAGE THE VEHICLES USED BY TRANSPORTATION NETWORK COMPANY DRIVERS AND IS NOT
A TAXICAB ASSOCIATION OR A LIMOUSINE OR LIVERY VEHICLE OWNER. A
TRANSPORTATION NETWORK COMPANY DOES NOT INCLUDE THE FOLLOWING:

(a) THIS STATE OR A COUNTY, A CITY, A TOWN OR A POLITICAL SUBDIVISION
OF THIS STATE AND ANY RELATED ENTITY, A NONPROFIT AGENCY OR ANY OTHER PUBLIC
BODY THAT COORDINATES, OPERATES, PROMOTES OR SPONSORS PUBLIC TRANSPORTATION,
CARPOOL OR VANPOOL SERVICES.

(b) A PROGRAM THAT IS IN PLACE TO MEET FEDERAL AIR QUALITY STANDARDS
PURSUANT TO SECTION 49-404.

(c) ANY INDIVIDUAL, COMPANY OR ACTIVITY THAT MEETS THE REQUIREMENTS OF
A RENTAL CAR AGENT OR RENTAL COMPANY AS DEFINED IN SECTION 20-331 IF ALL OF
THE FOLLOWING APPLY:

(i) TRANSPORTATION IS PROVIDED TO ANOTHER PERSON OR IS ARRANGED BY THE
RENTAL CAR COMPANY BUT PROVIDED BY ANOTHER PERSON.

(ii) THE ROUTE IS PREDETERMINED.

(iii) ANY MONEY EXCHANGED BETWEEN THE PROVIDER OF THE TRANSPORTATION
AND THE RECIPIENT DOES NOT EXCEED THE COST OF PROVIDING THE
TRANSPORTATION.
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32 32. "Weight" as used in connection with any commodity means net weight.
32 33. "Weights" or "measures", or both, means all weights, measures, meters or counters of every kind, instruments and devices for weighing, measuring, metering or counting and any appliance and accessories associated with any or all such instruments and devices.

Sec. 5. Section 41-2052, Arizona Revised Statutes, is amended to read:

41-2052. LIVERY VEHICLE, TAXI AND LIMOUSINE REGULATION; STATE PREEMPTION

The regulation and use of livery vehicles, taxis and limousines, AS WELL AS TRANSPORTATION NETWORK COMPANIES, TRANSPORTATION NETWORK COMPANY VEHICLES, AND TRANSPORTATION NETWORK COMPANY DRIVERS are of statewide concern. Livery vehicles, taxis and limousines and their use, AS WELL AS TRANSPORTATION NETWORK COMPANIES, TRANSPORTATION NETWORK COMPANY VEHICLES, AND TRANSPORTATION NETWORK COMPANY DRIVERS that are regulated pursuant to this title are not subject to further regulation by a county, city, town or other political subdivision of this state, except that a public airport operator that operates a public airport pursuant to section 28-8421, 28-8423 or 28-8424 or a public body operating a public airport may establish the number of livery vehicles, taxis, OR limousines OR TRANSPORTATION NETWORK COMPANY VEHICLES that may conduct business at a public airport or may set additional or more restrictive requirements for the conduct of that business at a public airport.”

Amend title to conform

BOB WORSLEY

2/12/15
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S: DF/Jo