

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

HOUSE BILL 2052

AN ACT

AMENDING SECTIONS 20-281, 20-286 AND 20-288, ARIZONA REVISED STATUTES;
RELATING TO LIMITED LINE INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 20-281, Arizona Revised Statutes, is amended to
3 read:
4 20-281. Definitions
5 In this article, unless the context otherwise requires:
6 1. "Business entity" means any corporation, association,
7 partnership, limited liability company, limited liability partnership or
8 other legal entity except an individual or sole proprietorship.
9 2. "Designated producer" means the individual insurance producer
10 that a business entity designates pursuant to section 20-285, subsection
11 C, paragraph 3 as the individual responsible for the business entity's
12 compliance with the insurance laws of this state.
13 3. "Health or sickness insurance" means disability insurance as
14 defined in section 20-253.
15 4. "Home state" means the District of Columbia and any state or
16 territory of the United States in which:
17 (a) An individual insurance producer maintains a principal place of
18 residence or principal place of business and is licensed to act as a
19 resident insurance producer.
20 (b) A business entity insurance producer maintains its principal
21 place of business and is licensed to act as a resident insurance producer.
22 5. "Insurance producer" means a person required to be licensed
23 under this article to sell, solicit or negotiate insurance.
24 6. "Limited line credit insurance" means any form of insurance that
25 is offered in connection with an extension of credit and that is limited
26 to partially or wholly extinguishing that credit obligation, including
27 credit life, credit disability, credit property, credit unemployment,
28 involuntary unemployment, mortgage life, mortgage guaranty, mortgage
29 disability, guaranteed asset or automobile protection insurance and any
30 other form of insurance that is offered in connection with an extension of
31 credit, that is limited to partially or wholly extinguishing that credit
32 obligation and that the director determines should be designated a form of
33 limited line credit insurance.
34 7. "Limited line insurance" means limited line credit insurance,
35 LIMITED LINE CROP INSURANCE, limited lines travel insurance under section
36 20-333 and any other line of insurance that the director deems necessary
37 to recognize for the purposes of complying with section 20-287, subsection
38 C, paragraph 2.
39 8. "Major line insurance" means life insurance, accident and health
40 or sickness insurance, property insurance, casualty insurance, personal
41 lines insurance and variable insurance contracts, as described in section
42 20-286.
43 9. "Member" means, if used in reference to a business entity, a
44 person that holds an ownership interest in the business entity, excluding

1 any interest in publicly traded securities and any interest of less than
2 ten ~~per cent~~ PERCENT of the voting rights.

3 10. "Negotiate" means the act of conferring directly with or
4 offering advice directly to a purchaser or prospective purchaser of a
5 particular contract of insurance concerning any of the substantive
6 benefits, terms or conditions of the contract if the person engaged in
7 that act either sells insurance or obtains insurance from insurers for
8 purchasers.

9 11. "Nonresident" means a person whose home state is not Arizona.

10 12. "Person" means an individual or a business entity.

11 13. "Resident" means a person whose home state is Arizona and who
12 does not hold a resident insurance producer license in another state or
13 territory of the United States or in the District of Columbia.

14 14. "Sell" means to exchange a contract of insurance by any means,
15 for money or its equivalent, on behalf of an insurer.

16 15. "Solicit" means attempting to sell insurance or asking or urging
17 a person to apply for a particular kind of insurance from a particular
18 company.

19 Sec. 2. Section 20-286, Arizona Revised Statutes, is amended to
20 read:

21 20-286. Licensure; lines of authority

22 A. Unless the director denies a license pursuant to section 20-295,
23 the director shall issue a resident insurance producer license to any
24 person who meets the requirements prescribed in sections 20-284 and
25 20-285. An insurance producer may qualify for a license in one or more of
26 the following lines of authority:

27 1. Life. Life insurance is coverage on human lives, including
28 benefits of endowment and annuities, and may include benefits in the event
29 of death or dismemberment by accident and benefits for disability income.

30 2. Accident and health or sickness. Accident and health or
31 sickness insurance is coverage for sickness, bodily injury or accidental
32 death and may include benefits for disability income.

33 3. Property. Property insurance is coverage for the direct or
34 consequential loss or damage to property of every kind.

35 4. Casualty. Casualty insurance is coverage against legal
36 liability, including liability for death, injury, disability or damage to
37 real or personal property.

38 5. Variable life and variable annuity products. Variable life and
39 variable annuity is insurance coverage that is provided under a variable
40 life insurance contract or a variable annuity.

41 6. Personal lines. Personal lines is property and casualty
42 insurance coverage that is sold to individuals and families for primarily
43 noncommercial purposes.

44 7. Credit. Credit insurance is limited line credit insurance.

45 8. CROP. CROP INSURANCE IS LIMITED LINE CROP INSURANCE.

1 ~~8-~~ 9. Any other line of insurance allowed under state law or rules
2 adopted by the director.

3 B. The license shall contain the licensee's name, address and
4 identification number, the date of issuance, the lines of authority, the
5 expiration date and any other information the director deems necessary.
6 The director may make the information prescribed by this section available
7 electronically.

8 C. A licensee shall inform the director in writing within thirty
9 days of any change in the licensee's:

10 1. Residential, business or e-mail address.

11 2. Members, directors, officers or designated producer. The
12 director may require that a licensee who notifies the director of a change
13 pursuant to this paragraph submit a full set of fingerprints of each new
14 member, director, officer or designated producer to the director for the
15 purpose of obtaining a state and federal criminal records check pursuant
16 to section 41-1750 and Public Law 92-544. The department of public safety
17 may exchange this fingerprint data with the federal bureau of
18 investigation.

19 3. Name.

20 D. In order to assist in the performance of the director's duties,
21 the director may contract with a third party to perform any ministerial
22 functions that are related to producer licensing and that the director
23 deems appropriate, including the collection of fees.

24 Sec. 3. Section 20-288, Arizona Revised Statutes, is amended to
25 read:

26 20-288. Exemption from examination

27 A. An individual who applies for an insurance producer license in
28 this state and who was previously licensed for the same lines of authority
29 in another state is not required to take an examination if either:

30 1. The applicant is currently licensed in the other state.

31 2. The application is received within ninety days after the
32 cancellation of the resident license that the applicant held in another
33 state and the other state issues a certification that, at the time of
34 cancellation, the applicant was in good standing in that state, or other
35 reliable information available to the director indicates that the
36 applicant is or was licensed in good standing for the line of authority
37 requested. This paragraph does not apply to an applicant who fails an
38 examination administered by this state for a specific line of authority
39 four times within a twelve-month period, who becomes licensed as a
40 resident in another state for the specific line of authority and who
41 cancels the license in the other state and applies for a resident license
42 in this state within one year of the last examination administered to the
43 applicant by this state for the specific line of authority.

44 B. The following applicants are not required to take an
45 examination:

- 1 1. An applicant for timely renewal of a license.
- 2 2. An applicant for the same type of license that covers the same
- 3 lines of authority for which the applicant was licensed in this state,
- 4 other than under a temporary license, within the twelve months preceding
- 5 the date of application.
- 6 3. An applicant for an insurance producer license with authority
- 7 for limited line insurance as defined in section 20-281, **UNLESS THE**
- 8 **APPLICANT SEEKS TO OFFER LIMITED LINE CROP INSURANCE.**
- 9 4. An applicant for a license as a nonresident insurance producer
- 10 who meets the requirements of section 20-287, subsection A.
- 11 5. An applicant for a rental car agent license that is issued
- 12 pursuant to section 20-331.
- 13 6. An applicant for a self-service storage agent license that is
- 14 issued pursuant to section 20-332.
- 15 7. An applicant who resides in a state that does not license
- 16 adjusters and who will be only adjusting portable electronics insurance
- 17 policy claims in this state.