SENATE BILL 1008

AN ACT

AMENDING SECTIONS 20-450, 20-451 AND 20-452, ARIZONA REVISED STATUTES; RELATING TO INSURANCE BUSINESS.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 20-450, Arizona Revised Statutes, is amended to read:

20-450. Practices not prohibited as discrimination or rebates in life and disability insurance; wellness programs

A. Nothing in Section 20-448 or 20-449 shall be construed as including DOES NOT INCLUDE within the definition of discrimination or rebates any of the following practices:

1. In the case of any contract of life insurance or life annuity, paying bonuses to policyholders or otherwise abating their premiums in whole or part out of surplus accumulated from nonparticipating insurance, but any such bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interests of the insurer and its policyholders.

2. In the case of life insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which THAT fairly represents the saving in collection expense.

3. Readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of the first or any subsequent policy year of insurance thereunder, which may be made retroactive only for such THAT policy year.

4. Issuing life or disability policies on a salary savings or payroll deduction plan at a reduced rate commensurate with the savings made by the use of such THE plan.

B. Section SECTIONS 20-448 or AND 20-452 does DO not prohibit any person from providing or offering to provide:

1. In the case of group disability insurance, rewards or incentives under a wellness program that satisfies the requirements for an exception from the general prohibition against discrimination based on a health factor under the health insurance portability and accountability act of 1996 (P.L. 104-191; 110 Stat. 1936), including any federal regulations that are adopted pursuant to that act.

2. In the case of individual disability insurance, rewards or incentives under a wellness program that satisfies the equivalent of the requirements for an exception from the general prohibition against discrimination based on a health factor under the health insurance portability and accountability act of 1996 (P.L. 104-191; 110 Stat. 1936), including any federal regulations that are adopted pursuant to that act.
3. PRODUCTS OR SERVICES THAT ARE ANCILLARY OR RELATED TO ANY POLICY
OF LIFE OR DISABILITY INSURANCE AND THAT ARE INTENDED TO MINIMIZE OR
PREVENT CLAIMS-RELATED LOSSES OR EXPENSES, TO DETER INJURY OR DEATH OR TO
IMPROVE THE HEALTH OF THE INSURED.

Sec. 2. Section 20-451, Arizona Revised Statutes, is amended to
read:

20-451. Rebates on other than life or disability insurance;
definitions

A. NO EXCEPT AS ALLOWED IN SUBSECTION B OF THIS SECTION, AN insurer
or employee, insurance producer or representative thereof shall MAY NOT
knowingly charge, demand or receive a premium for any policy of insurance,
other than life or disability insurance, except in accordance with any
applicable filing on file with the director. NO SUCH AN insurer,
employee, insurance producer or representative shall MAY NOT offer, pay,
allow or give, directly or indirectly, as an inducement to insurance, or
after insurance has been effected, any rebate, discount, abatement, credit
or reduction of the premium named in a policy of insurance, or any special
favor or advantage in the dividends or other benefits to accrue thereon,
or any valuable consideration or inducement whatever, not specified in the
policy of insurance, except to the extent provided for in an applicable
filing. NO AN insured named in a policy of insurance nor OR any
representative or employee of the insured shall MAY NOT knowingly receive
or accept, directly or indirectly, any such rebate, discount, abatement,
credit or reduction of premium, or any such special favor or advantage or
valuable consideration or inducement. NOTHING IN This section shall be
construed as prohibiting DOES NOT PROHIBIT the payment of commissions or
other compensation to duly licensed insurance producers nor as prohibiting
OR PROHIBIT any insurer from allowing or returning to its participating
policyholders, members or subscribers dividends, savings or unabsorbed
premium deposits.

B. AN INSURER, ITS EMPLOYEES, INSURANCE PRODUCERS AND
REPRESENTATIVES MAY OFFER OR PROVIDE PRODUCTS OR SERVICES THAT ARE
ANCILLARY OR RELATED TO ANY POLICY OF INSURANCE, OTHER THAN LIFE OR
DISABILITY INSURANCE, THAT ARE INTENDED TO MINIMIZE OR PREVENT
CLAIMS-RELATED LOSSES OR EXPENSES OR HARM TO THE PUBLIC, INCLUDING FIRE OR
SMOKE DETECTORS, RISK AUDITS OR ASSESSMENTS AND PRODUCTS OR SERVICES TO
DETER INJURY, DEATH OR PROPERTY THEFT OR DAMAGE. THE PRODUCTS AND
SERVICES THAT MAY BE OFFERED OR PROVIDED IN THIS SUBSECTION ARE EXEMPT
FROM THE PROHIBITIONS SET FORTH IN SUBSECTION A OF THIS SECTION.

B. C. This section does not prohibit an insurer from retaining an
independent third party to conduct a customer feedback effort intended to
help the insurer improve the quality of its products or services and to
offer an insured business or individual a reasonable incentive to
participate in the feedback effort. An incentive is presumed reasonable
if it does not exceed two hundred dollars $200. An insurer may not offer,
reference or promote an incentive or feedback effort under this section in
connection with an application for or renewal of insurance coverage.

D. For the purposes of this section:

1. "Feedback effort" means activities that are designed to elicit
customer perceptions on a predetermined set of topics that are related to
the insurer's products or services, including in-person, telephonic or
online surveys, polls, focus groups, interviews, questionnaires and other
recognized opinion-gathering mechanisms.

2. "Insurance" includes suretyship.

3. "Policy" includes bond.

Sec. 3. Section 20-452, Arizona Revised Statutes, is amended to
read:

20-452. Prohibited inducements
A. Except as permitted in SUBSECTION B OF THIS SECTION AND
sections 20-453 and 20-454, any insurer, insurance producer or other
person, as an inducement to insurance or in connection with any insurance
transaction, shall not provide in any policy for or offer, sell, buy or
offer or promise to buy, sell, give, promise or allow to the insured or
prospective insured or to any other person on behalf of the insured or
prospective insured in any manner:

1. Any employment.

2. Any shares of stock or other securities issued or at any time to
be issued or any interest therein or rights thereto.

3. Any advisory board contract, or any similar contract, agreement
or understanding, offering, providing for or promising any special
profits.

4. Any prizes, goods, wares, merchandise or tangible property of an
aggregate value of more than one-hundred-dollars $100. This paragraph
does not prohibit an insurer from retaining an independent third party to
conduct a customer feedback effort intended to help the insurer improve
the quality of its products or services and to offer an insured business
or individual a reasonable incentive to participate in the feedback
effort. An incentive is presumed reasonable if it does not exceed two
hundred-dollars $200. An insurer may not offer, reference or promote an
incentive or feedback effort under this paragraph in connection with an
application for or renewal of insurance coverage. For the purposes of
this paragraph, "feedback effort" means activities that are designed to
elicit customer perceptions on a predetermined set of topics that are
related to the insurer's products or services, including in-person,
telephonic or online surveys, polls, focus groups, interviews,
questionnaires and other recognized opinion-gathering mechanisms.
B. AN INSURER, INSURANCE PRODUCER OR OTHER PERSON MAY OFFER OR PROVIDE PRODUCTS OR SERVICES THAT ARE ANCILLARY OR RELATED TO ANY INSURANCE COVERAGE AND THAT ARE INTENDED TO MINIMIZE OR PREVENT CLAIMS-RELATED LOSSES OR EXPENSES OR HARM TO THE PUBLIC, INCLUDING FIRE OR SMOKE DETECTORS, RISK AUDITS OR ASSESSMENTS AND PRODUCTS OR SERVICES TO DETER INJURY, DEATH OR PROPERTY THEFT OR DAMAGE. THE PRODUCTS AND SERVICES THAT MAY BE OFFERED OR PROVIDED IN THIS SUBSECTION ARE EXEMPT FROM THE PROHIBITIONS SET FORTH IN SUBSECTION A OF THIS SECTION.