

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 65
SENATE BILL 1062

AN ACT

AMENDING SECTION 20-450, ARIZONA REVISED STATUTES; RELATING TO THE
TRANSACTION OF INSURANCE BUSINESS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

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

4 20-450. Practices not prohibited as discrimination or rebates
5 in life and disability insurance; wellness
6 programs; definition

7 A. Section 20-448 or 20-449 does not include within the definition
8 of discrimination or rebates any of the following practices:

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

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

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

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

27 5. PAYMENTS OF IMPLEMENTATION CREDITS A LIFE INSURER MAKES TO
28 OFFSET EXPENSES THAT A GROUP POLICYHOLDER INCURS WHEN THE LIFE INSURER
29 INITIATES, CHANGES OR ADMINISTERS NEW OR EXISTING GROUP COVERAGE. THE
30 LIFE INSURER MAY EITHER:

31 (a) INCLUDE IMPLEMENTATION CREDITS IN THE PREMIUM CHARGED A
32 POLICYHOLDER AND THEN REIMBURSE THE POLICYHOLDER.

33 (b) PAY FOR THE IMPLEMENTATION CREDITS AND PROVIDE APPROPRIATE
34 DISCLOSURE IN THE GROUP POLICY.

35 B. Sections 20-448 and 20-452 do not prohibit any person from
36 providing or offering to provide:

37 1. In the case of group disability insurance, rewards or incentives
38 under a wellness program that satisfies the requirements for an exception
39 from the general prohibition against discrimination based on a health
40 factor under the health insurance portability and accountability act of
41 1996 (P.L. 104-191; 110 Stat. 1936), including any federal regulations
42 that are adopted pursuant to that act.

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

7 3. Products or services that are ancillary or related to any policy
8 of life or disability insurance and that are intended to minimize or
9 prevent claims-related losses or expenses, to deter injury or death or to
10 improve the health OR ENHANCE THE FINANCIAL WELLNESS of the insured.

11 4. PAYMENTS OF IMPLEMENTATION CREDITS A LIFE INSURER MAKES TO
12 OFFSET EXPENSES THAT A GROUP POLICYHOLDER OR EMPLOYER INCURS WHEN THE LIFE
13 INSURER INITIATES, CHANGES OR ADMINISTERS NEW OR EXISTING GROUP COVERAGE.
14 THE LIFE INSURER MAY EITHER:

15 (a) INCLUDE IMPLEMENTATION CREDITS IN THE PREMIUM CHARGED A
16 POLICYHOLDER AND THEN REIMBURSE THE POLICYHOLDER. THE LIFE INSURER SHALL
17 DISCLOSE TO THE POLICYHOLDER WHETHER IMPLEMENTATION CREDITS WERE INCLUDED
18 IN THE PREMIUM.

19 (b) PAY FOR THE IMPLEMENTATION CREDITS AND PROVIDE APPROPRIATE
20 DISCLOSURE IN THE GROUP POLICY.

21 C. FOR THE PURPOSES OF THIS SECTION, "LIFE INSURANCE" INCLUDES
22 DISABILITY INCOME POLICIES AND SUPPLEMENTAL BENEFIT POLICIES.

APPROVED BY THE GOVERNOR JUNE 5, 2020.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 5, 2020.