

House Engrossed

insurance; implementation credits; exceptions

State of Arizona
House of Representatives
Fifty-fifth Legislature
First Regular Session
2021

CHAPTER 167
HOUSE BILL 2795

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~~ POLICYHOLDERS'
11 premiums in whole or part out of surplus accumulated from nonparticipating
12 insurance, but any such bonuses or abatement of premiums shall be fair and
13 equitable to policyholders and for the best interests of the insurer and
14 its 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, **DISABILITY**
28 **INSURER OR SERVICE CORPORATION** makes to offset expenses that a group
29 policyholder incurs when the ~~life insurer~~ **GROUP POLICYHOLDER**
30 initiates, ~~OR~~ changes ~~or administers~~ new or existing group coverage. The
31 life insurer, **DISABILITY INSURER OR SERVICE CORPORATION** may either:

32 (a) Include implementation credits in the premium charged a
33 policyholder and then reimburse the policyholder.

34 (b) Pay for the implementation credits and provide appropriate
35 disclosure in the group policy.

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

38 1. In the case of group disability insurance, rewards or incentives
39 under a wellness program that satisfies the requirements for an exception
40 from the general prohibition against discrimination based on a health
41 factor under the health insurance portability and accountability act of
42 1996 (P.L. 104-191; 110 Stat. 1936), including any federal regulations
43 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, **DISABILITY**
12 **INSURER OR SERVICE CORPORATION** makes to offset expenses that a group
13 policyholder or employer incurs when the ~~life insurer~~ **GROUP POLICYHOLDER**
14 initiates, ~~OR~~ changes ~~or administers~~ new or existing group coverage. The
15 life insurer, **DISABILITY INSURER OR SERVICE CORPORATION** may either:
16 (a) Include implementation credits in the premium charged a
17 policyholder and then reimburse the policyholder. The life insurer,
18 **DISABILITY INSURER OR SERVICE CORPORATION** shall disclose to the
19 policyholder whether implementation credits were included in the premium.
20 (b) Pay for the implementation credits and provide appropriate
21 disclosure in the group policy.
22 C. For the purposes of this section, "life insurance" includes
23 disability income policies and supplemental benefit policies.

APPROVED BY THE GOVERNOR APRIL 1, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 1, 2021.