

COMMITTEE ON FINANCE
SENATE AMENDMENTS TO H.B. 2121
(Reference to House engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 20-167, Arizona Revised Statutes, is amended to
3 read:

4 20-167. Fees; definition

5 A. The director shall collect in advance the following fees,
6 determined by the director, which are nonrefundable on payment:

7 Not Less Than: Not More Than:

8 1. For filing charter documents:

9 (a) Original charter documents,
10 articles of incorporation,
11 bylaws, or record of
12 organization of insurers,
13 or certified copies thereof,
14 required to be filed with
15 the director and not also
16 subject to filing in the
17 office of the corporation

18 commission \$ 40.00 \$ 115.00

19 (b) Amended charter documents 15.00 45.00

20 (c) No charge or fee shall be
21 required for filing with
22 the director any of such
23 documents also required
24 by law to be filed in the
25 office of the corporation
26 commission

1	2. Certificate of authority:		
2	(a) Issuance:		
3	Fraternal benefit societies	\$ 15.00	\$ 45.00
4	Medical or hospital service		
5	corporations, health care		
6	services organizations or		
7	prepaid dental plan		
8	organizations	40.00	115.00
9	Mechanical reimbursement		
10	reinsurers	150.00	450.00
11	All other insurers	100.00	295.00
12	(b) Renewal:		
13	Fraternal benefit societies	15.00	45.00
14	Medical or hospital service		
15	corporations, health care		
16	services organizations or		
17	prepaid dental plan		
18	organizations	40.00	115.00
19	Domestic stock life insurers,		
20	domestic stock disability		
21	insurers or domestic stock		
22	life and disability insurers	750.00	2,250.00
23	Domestic life reinsurers,		
24	domestic disability		
25	reinsurers or domestic		
26	life and disability		
27	reinsurers	2,250.00	5,500.00
28	Mechanical reimbursement		
29	reinsurers	2,250.00	5,500.00
30	All other insurers	70.00	205.00

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1	3. Certificate of registration as an		
2	administrator or application for		
3	renewal under section 20-485.12	\$ 100.00	\$ 295.00
4	4. Authority to solicit applications		
5	for and issue policies by means		
6	of mechanical vending machines	\$ 30.00	\$ 90.00
7	5. Service company permit	\$ 150.00	\$ 450.00
8	6. Application for motor vehicle		
9	service contract program approval	\$ 150.00	\$ 450.00
10	7. Life care contract application		
11	or annual report	\$ 225.00	\$ 675.00
12	8. Filing annual statement	\$ 150.00	\$ 450.00
13	9. Annual statement filing for		
14	exempt insurer transacting life		
15	insurance, disability insurance		
16	or annuity business pursuant to		
17	section 20-401.05	\$ 65.00	\$ 100.00
18	10. Licenses and examinations:		
19	(a) Licenses:		
20	Surplus lines broker's license,		
21	quadrennially	\$ 600.00	\$1,000.00
22	All other licenses,		
23	quadrennially	60.00	180.00
24	(b) Examinations for license:		
25	Examination on laws and one kind		
26	of insurance	8.00	25.00
27	Examination on laws and two or		
28	more kinds of insurance	15.00	45.00
29	11. Miscellaneous:		
30	Fee accompanying service of		
31	process on director	\$ 8.00	\$ 25.00

1	Certificate of director,		
2	under seal	1.50 0.00	5.00
3	Copy of document filed in		
4	director's office, per page	0.50	0.75

5 B. Except as provided in section 20-1098.18, the director shall
6 deposit, pursuant to sections 35-146 and 35-147, all fees collected
7 pursuant to this section in the state general fund. A refund is not
8 allowed for any unused portion of a fee, and the director shall not prorate
9 fees.

10 C. The license fees prescribed by this section shall be payment in
11 full of all demands for all state, county, district and municipal license
12 fees, license taxes, business privilege taxes and business privilege fees
13 and charges of every kind.

14 D. The director may contract for the examination for licensing
15 adjusters, insurance producers, bail bond agents, risk management
16 consultants and surplus lines brokers. If the director does so, the fee
17 for examinations for licenses pursuant to this section is payable directly
18 to the contractor by the applicant for examination. The director may agree
19 to a reasonable examination fee to be charged by the contractor. The fee
20 may exceed the amounts prescribed in this section.

21 E. The director may contract with a voluntary domestic organization
22 of surplus lines brokers to perform any transaction prescribed in chapter
23 2, article 5 of this title, including the acceptance or maintenance of the
24 reports required by section 20-408. The director may allow the contractor
25 to charge a stamping fee. The surplus lines broker shall pay the stamping
26 fee established pursuant to this section directly to the contractor.

27 F. Captive insurers shall pay certificate of authority issuance and
28 renewal fees as prescribed by the director.

29 G. For the purposes of this section, "stamping fee" means a
30 reasonable filing fee charged by a contractor for any transaction
31 prescribed in chapter 2, article 5 of this title, including the acceptance
32 or maintenance of the reports required by section 20-408.

1 Sec. 2. Section 20-239, Arizona Revised Statutes, is amended to
2 read:

3 20-239. Electronic communications and records; applicability;
4 definitions

5 A. Any notice to a party or any other document that is required
6 under this title in an insurance transaction or that is to serve as
7 evidence of insurance coverage may be delivered, stored and presented by
8 electronic means if it meets the requirements of title 44, chapter 26,
9 article 1. If an insurer uploads a document or notice to a portal or
10 secure website, the insurer shall send a separate notice to the party that
11 specifies that the document or notice has been uploaded and that includes a
12 description of the document or notice that has been uploaded.

13 B. An insurer may deliver a notice or document by electronic means
14 to a party pursuant to this section if the party electronically consents to
15 that method of electronic delivery and has not withdrawn consent. A named
16 insured that effectuates insurance transactions by electronic means shall
17 be deemed to have consented to receive notices and documents by electronic
18 means in accordance with this section unless the named insured opts out of
19 electronic delivery and elects delivery by hard copy.

20 C. EITHER an oral communication WITH A CONTEMPORANEOUS WRITTEN
21 RECORD MADE OF THE COMMUNICATION or ~~a~~ AN ARCHIVED recording of an oral
22 communication SUBJECT TO THE INSURER'S WRITTEN RECORD RETENTION POLICY ~~does~~
23 ~~not~~ SHALL qualify as consent for the purposes of this section. THE ORAL
24 CONSENT PRESCRIBED IN THIS SUBSECTION APPLIES ONLY TO AN AGREEMENT TO THE
25 USE OF ELECTRONIC COMMUNICATION WITH THE INSURER AND IS NOT AN AGREEMENT BY
26 THE INSURED TO ANY SPECIFIC INSURANCE POLICY OR COVERAGE OR ANY OTHER
27 INSURANCE MATTER.

28 D. Notwithstanding subsection A of this section, an insurer sending
29 a notice pursuant to section 20-1632, subsection A, for a period of five
30 years after the date of the notice, shall maintain in its files
31 verification that the notice was sent by electronic means with a United
32 States postal service electronic postmark or another email delivery service

1 that provides electronic postmarks substantially similar to a United States
2 postal service electronic postmark. The verification must contain
3 sufficient information from which the department may determine that the
4 notice was properly sent.

5 E. An insurer providing notice to an insured pursuant to section
6 20-1632 by electronic means shall also send that notice to the named
7 insured by United States postal service certified mail, certificate of
8 mailing or first class mail using intelligent mail barcode or another
9 similar tracking method used or approved by the United States postal
10 service pursuant to section 20-1632 if either of the following applies:

11 1. The notice being electronically delivered is rejected for
12 delivery or returned to the insurer.

13 2. The insurer becomes aware that the email address provided by the
14 party is no longer valid.

15 F. Delivery of a notice or document pursuant to this section is
16 equivalent to any delivery method required or allowed under this title,
17 including delivery by the United States postal service by first class mail,
18 postage prepaid, certified mail, certificate of mailing or first class mail
19 using intelligent mail barcode or another similar tracking method used or
20 approved by the United States postal service.

21 G. After the party elects to receive notices and documents by
22 electronic means, if a change in the hardware or software requirements
23 needed to access or retain a notice or document delivered by electronic
24 means creates a material risk that the party will not be able to access or
25 retain a subsequent notice or document to which the consent applies, the
26 insurer must inform the party of:

27 1. The revised hardware and software requirements for access to and
28 retention of a notice or document delivered by electronic means.

29 2. The party's right to withdraw consent without the imposition of
30 any fee, condition or consequence.

1 H. This section does not affect the requirements related to content
2 or timing of any notice or document required under this title.

3 I. If a provision of this title expressly requires verification or
4 acknowledgment of receipt of a notice or document, the notice or document
5 may be delivered by electronic means only if the method used provides for
6 verification or acknowledgment of receipt.

7 J. The legal effectiveness, validity or enforceability of any
8 insurance contract or policy executed by a party may not be denied solely
9 because the insurer failed to obtain electronic consent or confirmation of
10 consent.

11 K. A party's withdrawal of consent:

12 1. Does not affect the legal effectiveness, validity or
13 enforceability of a notice or document delivered by electronic means to the
14 party before the withdrawal of consent is effective.

15 2. Is effective within seven days after the insurer receives the
16 withdrawal.

17 L. If an insurer fails to comply with subsection G of this section,
18 the party may treat that failure as a withdrawal of consent for the
19 purposes of this section.

20 M. This section does not apply to a notice or document delivered by
21 an insurer in an electronic format before July 24, 2014 to a party who,
22 before that date, has consented to receive a notice or document in an
23 electronic format as otherwise provided by law.

24 N. If a party's consent to receive certain notices or documents in
25 an electronic format is on file with an insurer before July 24, 2014 and
26 the insurer intends to deliver additional notices or documents to that
27 party in an electronic format pursuant to this section, before delivering
28 the additional notices or documents electronically the insurer must notify
29 the party of both of the following:

1 1. The notices or documents that may be delivered by electronic
2 means under this section that were not previously delivered electronically.

3 2. The party's right to withdraw consent to have notices or
4 documents delivered by electronic means.

5 0. An insurer may not charge a fee to a party who does not consent
6 to receive notices or documents by electronic means and who chooses to
7 receive the notices or documents in hard copy.

8 P. This section applies only to property, casualty, disability,
9 marine and transportation, surety, prepaid legal, prepaid dental, title,
10 identity theft, workers' compensation and life insurance policies and
11 annuities that are subject to this title, including policies and contracts
12 issued by health care services organizations and hospital, medical, dental
13 and optometric service corporations.

14 Q. This section does not modify, limit or supersede the electronic
15 signatures in global and national commerce act (P.L. 106-229; 15 United
16 States Code sections 7001 through 7031).

17 R. For the purposes of this section:

18 1. "Delivered by electronic means" includes either:

19 (a) The delivery to an email address at which a party has consented
20 to receive notices or documents.

21 (b) The posting on an electronic network or site accessible via the
22 internet or a mobile application, computer, mobile device, tablet or other
23 electronic device, together with a separate notice of the posting that
24 includes a description of the document or notice that has been posted and
25 that is provided by email to the email address at which the party has
26 consented to receive notice or by any other delivery method that has been
27 consented to by the party.

28 2. "Party" means a recipient of any notice or document as part of an
29 insurance transaction, including an applicant, an insured or a
30 policyholder.

1 Sec. 3. Section 20-381, Arizona Revised Statutes, is amended to
2 read:

3 20-381. Definitions

4 In this article, unless the context otherwise requires:

5 1. "Advisory organization":

6 (a) Means any person other than a single insurer who assists TWO OR
7 MORE insurers or rate service organizations in the making of rates by
8 compiling and furnishing loss or expense statistics or other statistical
9 information and data, or by the submission of recommendations as to rates,
10 forms or supplementary rate information. ~~Advisory organization~~

11 (b) Does not include a joint underwriting association, any actuarial
12 or legal consultant, any employee of an insurer or insurers under common
13 control or management or their employees or manager.

14 2. "Loss cost adjustment":

15 (a) Means that portion of a rate filed by an insurer with the
16 director that includes the insurer's general expenses, total product
17 expenses, taxes, licenses and fee expenses and underwriting profit and
18 contingencies. ~~Loss cost adjustment~~

19 (b) Does not include loss adjustment expenses or prospective loss
20 costs.

21 3. "Loss cost modification factor" means that rating factor filed by
22 an insurer with the director for the purpose of modifying the rate service
23 organization's prospective loss cost filing.

24 4. "Prospective loss costs" means the historical aggregate losses
25 and loss adjustment expenses filed by a rate service organization with the
26 director on which a portion of a rate is based, adjusted through actuarial
27 trending to a future point in time and developed to their ultimate values.

28 5. "Rate":

29 (a) Means that cost of insurance per exposure unit whether expressed
30 as a single number or as a prospective loss cost with an adjustment to
31 account for the treatment of expenses, profit and individual insurer

1 variation in loss experience before any application of individual risk
2 variations based on loss or expense considerations. ~~Rate~~

3 (b) Does not include the minimum premium.

4 6. "Rate service organization":

5 (a) Means any person other than a single insurer who assists
6 insurers by compiling and furnishing loss or expense statistics and
7 recommending, making or filing rates, forms or supplementary rate
8 information. ~~Rate service organization~~

9 (b) Does not include a joint underwriting association, any actuarial
10 or legal consultant, any employee of an insurer or insurers under common
11 control or management, or their employees or manager.

12 7. "Supplementary rate information":

13 (a) Means any manual or plan of rates, statistical plan,
14 classification, rating schedule, minimum premium, schedule of fees,
15 including membership fees charged by a reciprocal or mutual insurer, rating
16 rule, rate related underwriting rule and ~~any~~ other information used by an
17 insurer in making rates. ~~Supplementary rate information~~

18 (b) Does not include the final rate pages that combine the
19 prospective loss costs with the loss cost adjustments.

20 Sec. 4. Section 20-1133, Arizona Revised Statutes, is amended to
21 read:

22 20-1133. Medicare supplement insurance; applicability

23 A. The director shall adopt ~~those~~ rules ~~as are~~ necessary to comply
24 with the requirements of the social security disability amendments of 1980
25 (P.L. 96-265; 42 United States Code section 1395ss) and any federal laws or
26 regulations pertaining to that section, so that this state may retain its
27 full authority to regulate minimum standards for medicare supplement
28 insurance. ~~THE DIRECTOR MAY NOT PROHIBIT MEDICARE SUPPLEMENT INSURANCE~~
29 ~~PROVIDERS FROM OFFERING DISCOUNTS TO ENROLLEES FOR EARLY ENROLLMENT OR~~
30 ~~PAYMENT METHOD.~~

1 B. Subject to the other limitations provided in this subsection, ~~no~~
2 A benefit mandated in this title for health insurance policies ~~shall~~ DOES
3 NOT apply to medicare supplement insurance policies unless ~~such~~ THE
4 mandated policy ~~benefits are~~ BENEFIT IS set forth in rules adopted pursuant
5 to this section or unless the statute mandating THE policy ~~benefits~~ BENEFIT
6 expressly states that it is made specifically applicable to medicare
7 supplement insurance policies. ~~No~~ A medicare supplement insurance policy
8 ~~shall~~ MAY NOT contain any exclusion for services provided by any type of
9 properly licensed health care provider if the provider's services are
10 eligible for medicare reimbursement and if the specific services in
11 question would be covered by medicare. ~~In no event shall~~ The scope of
12 benefits of a medicare supplement policy MAY NOT be less than the minimum
13 level of benefits established by federal law.

14 C. Notwithstanding any other provision of this title, rules adopted
15 pursuant to this section apply to insurance ~~furnished~~ PROVIDED under
16 disability insurance policies, under subscription contracts of hospital,
17 medical, dental or optometric service corporations, under certificates of
18 fraternal benefit societies, under evidences of coverage of health care
19 services organizations and under coverages issued by any other insurer,
20 which policies, contracts, certificates, membership coverages, evidences of
21 coverage and coverages are delivered or issued for delivery in this state
22 on or after the effective date of rules adopted pursuant to subsection A OF
23 THIS SECTION. In adopting the rules required by subsection A OF THIS
24 SECTION, the director shall prescribe an effective date of the rules that
25 will allow insurers sufficient time to bring their forms and practices into
26 compliance with the requirements of the rule.

27 Sec. 5. Section 20-1583, Arizona Revised Statutes, is amended to
28 read:

29 20-1583. Title insurance agencies; use of corporate names

30 ~~A. An agent for a title insurer shall not adopt a corporate or~~
31 ~~business name containing the words "title insurance", "title guaranty" or~~
32 ~~"title guarantee" or other words indicating that the agent is in the~~

~~business of title insurance, unless those words are followed by the words "agent" or "agency". In any stationery, sign, advertising, brochure, literature or similar writing issued or used by the agent, the words "agent" or "agency" shall be in the same size and type as the words preceding them. This section does not apply to a title insurer acting as agent for another title insurer.~~

~~B. A title insurer may authorize the use of its corporate name or a portion of the name to a title insurance agency if the name of the title insurance agency complies with subsection A.~~

~~C. For purposes of this section only, a title insurer is not responsible for a violation of this section by an agent for the title insurer and is not liable for a civil penalty that is imposed on a title insurance agent.~~

Sec. 6. Section 28-4009, Arizona Revised Statutes, is amended to read:

28-4009. Motor vehicle liability policy requirements

A. An owner's motor vehicle liability policy shall comply with the following:

1. The policy shall designate by explicit description or by appropriate reference all motor vehicles for which coverage is granted. If coverage is provided for a fleet of seven or more motor vehicles, the maximum payable for any one accident is the limit of liability stated in the policy. There is no accumulation of coverage for each separate vehicle covered.

2. The policy shall insure the person named in the policy as the insured and any other person, as insured, using the motor vehicle or motor vehicles with the express or implied permission of the named insured against loss from the liability imposed by law for damages arising out of the ownership, maintenance or use of the motor vehicle or motor vehicles within the United States or the Dominion of Canada, subject to limits exclusive of interest and costs, for each motor vehicle as follows:

1 (a) For a policy that is issued or renewed on or before June 30,
2 2020 or for a policy that is issued to a person that has a valid
3 certificate of self-insurance or partial self-insurance pursuant to section
4 28-4007:

5 (i) \$15,000 because of bodily injury to or death of one person in
6 any one accident.

7 (ii) Subject to the limit for one person, \$30,000 because of bodily
8 injury to or death of two or more persons in any one accident.

9 (iii) \$10,000 because of injury to or destruction of property of
10 others in any one accident.

11 (b) For a policy that is issued or renewed beginning on July 1,
12 2020, except for a policy that is issued to a person that has a valid
13 certificate of self-insurance or partial self-insurance pursuant to section
14 28-4007:

15 (i) \$25,000 because of bodily injury to or death of one person in
16 any one accident.

17 (ii) Subject to the limit for one person, \$50,000 because of bodily
18 injury to or death of two or more persons in any one accident.

19 (iii) \$15,000 because of injury to or destruction of property of
20 others in any one accident.

21 3. By agreement in writing between a named insured and the insurer
22 the policy may exclude as insured a person or persons designated by name
23 when operating a motor vehicle. The written agreement between the named
24 insured and insurer is effective for each renewal of the policy by the
25 insurer and remains in effect until the insurer agrees in writing to
26 provide coverage for the person or persons who were previously excluded
27 from coverage.

28 B. An operator's motor vehicle liability policy shall insure the
29 person named as insured in the policy against loss from the liability
30 imposed on the person by law for damages arising out of the use by the
31 person of a motor vehicle not owned by the person, within the same

1 territorial limits and subject to the same limits of liability provided in
2 subsection A of this section for an owner's motor vehicle liability policy.

3 C. A motor vehicle liability policy:

4 1. Shall state the name and address of the named insured, the
5 coverage afforded by the policy, the premium charged for the policy, the
6 complete vehicle identification number of all vehicles covered by the
7 policy, the policy period and the limits of liability.

8 2. Shall contain an agreement or be endorsed that insurance is
9 provided under the policy in accordance with the coverage defined in this
10 chapter for bodily injury and death or property damage, or both.

11 3. Is subject to all of the provisions of this chapter.

12 4. Is not required to ~~insure~~ PROVIDE COVERAGE FOR ANY liability
13 ~~either~~ THAT IS NOT REQUIRED UNDER THIS TITLE OR ANY OTHER STATE LAW,
14 INCLUDING:

15 (a) Under any workers' compensation law.

16 (b) On account of bodily injury to or death of an employee of the
17 insured while engaged in the employment, other than domestic, of the
18 insured or while engaged in the operation, maintenance or repair of the
19 motor vehicle.

20 (c) For damage to property owned by, rented to, in charge of or
21 transported by the insured.

22 (d) For damage to property or bodily injury caused intentionally by
23 or at the direction of the insured.

24 (e) For a private passenger motor vehicle used while a
25 transportation network company driver is logged in to a transportation
26 network company's digital network or software application to be a driver or
27 is providing transportation network services unless expressly authorized by
28 the terms of the motor vehicle liability insurance policy or an endorsement
29 or amendment to the policy.

1 5. Is subject to the following provisions that are not required to
2 be in the policy:

3 (a) The liability of the insurance carrier with respect to the
4 insurance required by this chapter becomes absolute when injury or damage
5 covered by the motor vehicle liability policy occurs. The policy may not
6 be cancelled or annulled as to that liability by an agreement between the
7 insurance carrier and the insured after the occurrence of the injury or
8 damage, and a statement made by the insured or someone on the insured's
9 behalf or a violation of the policy shall not defeat or void the policy.

10 (b) The satisfaction by the insured of a judgment for the injury or
11 damage is not a condition precedent to the right or duty of the insurance
12 carrier to make payment on account of the injury or damage.

13 (c) The insurance carrier may settle any claim covered by the
14 policy, and if the settlement is made in good faith, the amount of the
15 claim is deductible from the limits of liability specified in subsection A,
16 paragraph 2 of this section.

17 (d) The policy, the written application for the policy, if any, and
18 any rider or endorsement that does not conflict with this chapter
19 constitute the entire contract between the parties.

20 6. May provide that the insured shall reimburse the insurance
21 carrier for any payment the insurance carrier would not have been obligated
22 to make under the terms of the policy except for this chapter.

23 7. May provide for the prorating of the insurance under the policy
24 with other valid and collectible insurance.

25 8. MAY CONTAIN EXCLUSIONS EXCEPT AS SPECIFICALLY PROHIBITED BY LAW.

26 D. A policy that grants the coverage required for a motor vehicle
27 liability policy may also grant lawful coverage in excess of or in addition
28 to the coverage specified for a motor vehicle liability policy, and the
29 excess or additional coverage is not subject to this chapter. With respect
30 to a policy that grants the excess or additional coverage, the term "motor
31 vehicle liability policy" applies only to that part of the coverage that is
32 required by this section.

1 E. The requirements for a motor vehicle liability policy may be
2 fulfilled by the policies of one or more insurance carriers that together
3 meet the requirements.

4 F. A binder issued pending the issuance of a motor vehicle liability
5 policy fulfills the requirements for the policy."

6 Amend title to conform

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