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Conference Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

HOUSE BILL 2270

AN ACT

AMENDING SECTIONS 20-103 AND 20-331, ARIZONA REVISED STATUTES; AMENDING SECTION 20-2901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2004, CHAPTER 162, SECTION 9; AMENDING SECTION 20-2902, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2004, CHAPTER 162, SECTION 10; AMENDING LAWS 2004, CHAPTER 162, SECTION 14; RELATING TO THE TRANSACTION OF INSURANCE BUSINESS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1

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

2 Section 1. Section 20-103, Arizona Revised Statutes, is amended to
3 read:

4 20-103. Definition of insurance; exceptions

5 A. For the purposes of this title, except as otherwise provided,
6 "insurance" is a contract by which one undertakes to indemnify another or to
7 pay a specified amount upon determinable contingencies.

8 B. Private ambulance service contracts or private fire protection
9 service contracts are not insurance, and this title does not apply to those
10 contracts.

11 C. Charitable gift annuities that are issued pursuant to section
12 20-119 are not insurance and, except as provided in section 20-119, this
13 title does not apply to agreements for those annuities.

14 **D. COLLISION DAMAGE WAIVERS ARE NOT INSURANCE, AND THIS TITLE DOES NOT**
15 **APPLY TO THOSE WAIVERS.**

16 Sec. 2. Section 20-331, Arizona Revised Statutes, is amended to read:

17 20-331. Rental car agents; definitions

18 A. The director may issue to a rental company that has complied with
19 the requirements of this section a license that authorizes the rental company
20 as a rental car agent to offer or sell insurance in connection with and
21 incidental to rental agreements. Notwithstanding section 20-290, subsection
22 B, a rental car agent is not required to have an individual licensee in each
23 office or other rental site or place where insurance is transacted.

24 B. An applicant for a rental car agent license shall file with the
25 director a written application that is in a form prescribed by the director
26 and that is signed by an officer of the applicant. The application shall
27 specify all locations at which the licensee may conduct business under the
28 license. The licensee shall provide the director at least thirty days' prior
29 notice before conducting business under the license at any additional
30 location.

31 C. A rental car agent may offer or sell insurance at the rental
32 company office or other rental site or process a preselection of coverage in
33 a master, corporate, group or individual rental agreement for any of the
34 following kinds or types of insurance, separately or in combination:

35 1. Accident and health or sickness insurance that provides coverage,
36 as applicable, to renters and other rental vehicle occupants for accidental
37 death or dismemberment and reimbursement for medical expenses that result
38 from an accident that occurs during the rental period.

39 2. Liability insurance that provides coverage, as applicable, to
40 renters and other authorized drivers of rental vehicles for liability that
41 arises from the operation of the rental vehicles, including uninsured and
42 underinsured motorist coverage separately or in combination with other
43 liability insurance.

1 3. Personal property insurance that provides coverage, as applicable,
2 to renters and other vehicle occupants for the loss of or damage to personal
3 effects that occurs during the rental period.

4 4. Vehicle breakdown coverage.

5 5. Physical damage insurance that provides coverage to renters and
6 other authorized drivers of rental vehicles for property damage liability
7 that arises from the operation of the vehicle.

8 D. A RENTAL CAR AGENT IS NOT SUBJECT TO THE CONTINUING EDUCATION
9 REQUIREMENTS OF CHAPTER 18 OF THIS TITLE.

10 ~~D.~~ E. A rental car agent shall not offer or sell insurance pursuant
11 to this section unless:

12 1. The rental period of the rental agreement is ninety consecutive
13 days or less.

14 2. The rental car agent provides brochures or other written materials
15 to the prospective renter that:

16 (a) Summarize the material terms and conditions of coverage offered to
17 renters, including the identity of the insurer.

18 (b) Describe the process for filing a claim.

19 3. The rental car agent makes the following disclosures to the renter
20 and the renter acknowledges the disclosures in writing:

21 (a) That the insurance policies offered by the rental car agent may
22 provide a duplication of coverage already provided by a renter's personal
23 automobile insurance policy or by another source of coverage.

24 (b) That the purchase by the renter of the kinds of insurance
25 prescribed in this section is not required in order to rent a vehicle.

26 4. Evidence of coverage is stated on the face of the rental agreement.

27 5. Costs for the insurance are separately itemized in the rental
28 agreement.

29 6. The insurance is provided under a group or master policy issued to
30 the rental company by an insurer authorized to transact the applicable kinds
31 or types of insurance in this state or by a surplus lines insurer in
32 accordance with article 5 of this chapter.

33 ~~E.~~ F. Any salaried employee of a rental car agent may act on behalf
34 and under the supervision of the rental car agent in matters relating to the
35 conduct of business under the license issued pursuant to this section. The
36 conduct of an employee or agent of a rental car agent acting within the scope
37 of employment or agency is deemed the conduct of the rental car agent for
38 purposes of this article.

39 ~~F.~~ G. Each rental car agent licensed pursuant to this section shall
40 conduct a training program that provides employees and agents of the rental
41 company with basic instruction about the provisions of this section,
42 including the kinds of coverage prescribed in this section.

43 ~~G.~~ H. A rental car agent shall not:

44 1. Offer or sell insurance except in conjunction with and incidental
45 to rental agreements.

1 2. Advertise, represent or otherwise portray itself or any of its
2 employees or agents as licensed insurers or insurance producers.
3 3. Pay any person any compensation, fee or commission dependent on the
4 placement of insurance under the license issued pursuant to this section.
5 ~~H.~~ I. Nothing in this section prohibits production payments or
6 incentive payments to an employee if the payments are not dependent on the
7 sale of insurance.
8 ~~I.~~ J. To the extent not inconsistent with this article, sections
9 20-281 and 20-289, section 20-290, subsection A and sections 20-291, 20-292,
10 20-295, 20-296, 20-297, 20-298, 20-299, 20-301 and 20-302 apply to rental car
11 agents.
12 ~~J.~~ K. For the purposes of this section:
13 1. "Rental agreement" means any written agreement that states the
14 terms and conditions that govern the use of a vehicle provided by the rental
15 company for rent or lease for a rental period of ninety days or less.
16 2. "Rental car agent" means a rental company that is licensed pursuant
17 to this section.
18 3. "Rental company" means any firm or corporation in the business of
19 renting vehicles to renters under a rental agreement.
20 4. "Rental period" means the term of the rental agreement.
21 5. "Rental vehicle" or "vehicle" means a motor vehicle operated by a
22 driver who is not required to possess a commercial driver license to operate
23 the motor vehicle and the motor vehicle is either:
24 (a) A private passenger motor vehicle, including a passenger van,
25 minivan or sport utility vehicle.
26 (b) A cargo vehicle, including a cargo van, pickup truck and truck
27 with a gross vehicle weight of less than twenty-six thousand pounds.
28 6. "Renter" means any person who obtains the use of a vehicle from a
29 rental company under the terms of a rental agreement.
30 Sec. 3. Section 20-2901, Arizona Revised Statutes, as amended by Laws
31 2004, chapter 162, section 9, is amended to read:
32 20-2901. Definitions
33 In this article, unless the context otherwise requires:
34 1. "Applicant" means a provider organization that submits an
35 application to the contractor to provide continuing education courses.
36 2. "Approved continuing education course" means any course that has
37 been approved by at least five other states or that is approved by a
38 contractor or automatically approved pursuant to section 20-2904.
39 3. "Approved provider" means an organization or individual that offers
40 an approved continuing education course and that is authorized by the
41 contractor to offer the course to a licensee for credit toward the licensee's
42 continuing education requirements.
43 4. "Continuing education review committee" means the committee
44 appointed by the director pursuant to section 20-2905 to establish minimum

1 standards that apply to approved providers and approved continuing education
2 courses and minimum performance standards that apply to contractors.

3 5. "Contractor" means the person who has a contract with the
4 department of insurance to approve continuing education providers and courses
5 and to administer the continuing education program and who is paid through
6 fees collected from approved providers when the approved providers apply for
7 continuing education course approval.

8 6. "Credit hour" means the value assigned to an hour of instruction in
9 an approved continuing education course.

10 7. "License period" means the period between the date ~~a-~~ AN ARIZONA
11 INSURANCE license is issued or last renewed and the expiration date of the
12 ARIZONA INSURANCE license.

13 8. "Licensee" means an insurance producer, including a surplus lines
14 broker, or a managing general agent as defined in chapter 2, article 3.1 of
15 this title who at any time during the license period holds a current
16 nonresident license to transact insurance in another state. Licensee does
17 not include ~~a person who holds a nonresident license from this state,~~ any
18 firm, corporation or other similar entity or an adjuster as defined in
19 section 20-321.

20 9. "Nonresident applicant" means an insurance producer or a managing
21 general agent or service representative who holds a resident license in
22 another state and a nonresident license in this state and who is applying for
23 the renewal of a nonresident license in this state.

24 10. "Provider organization" means a person that provides continuing
25 education courses but has not yet been accepted as an approved provider
26 pursuant to section 20-2904.

27 Sec. 4. Section 20-2902, Arizona Revised Statutes, as amended by Laws
28 2004, chapter 162, section 10, is amended to read:

29 20-2902. Continuing education requirements; nonresident license
30 in another state; nonresident license in this state

31 A. To qualify for renewal of a resident license, each licensee ~~who is~~
32 ~~licensed in this state for~~ WHOSE EXPIRING LICENSE PERIOD IS AT LEAST one year
33 ~~or more~~ BUT NOT MORE THAN TWO YEARS shall ~~quadrennially~~ complete ~~for each~~
34 ~~license period~~ a minimum of ~~forty~~ TWENTY credit hours of approved insurance
35 continuing education courses offered by an approved provider. TO QUALIFY FOR
36 RENEWAL OF A RESIDENT LICENSE, EACH LICENSEE WHOSE EXPIRING LICENSE PERIOD IS
37 MORE THAN TWO YEARS SHALL COMPLETE A MINIMUM OF FORTY CREDIT HOURS OF
38 APPROVED INSURANCE CONTINUING EDUCATION COURSES OFFERED BY AN APPROVED
39 PROVIDER.

40 B. After the licensee completes an approved continuing education
41 course, the approved provider shall furnish the licensee with a certificate
42 of compliance in a form approved by the director that certifies that the
43 licensee has taken and completed the course. The licensee and a person
44 authorized to sign on behalf of the approved provider shall sign the
45 certificate. The director may require that the licensee attach the signed

1 certificate of compliance to the application for renewal of the resident
2 license. The director shall not renew the licensee's resident license unless
3 the director has obtained evidence that the licensee has completed the credit
4 hours prescribed in subsection A. The required credit hours apply to the
5 same term as the license.

6 C. Pursuant to subsection B, the form approved by the director shall
7 require at least the following information:

8 1. The licensee's name and the license number that is issued by the
9 department.

10 2. The name of the approved provider.

11 3. The subjects and titles of the approved continuing education
12 courses that the licensee completed.

13 4. The dates that the licensee completed the approved continuing
14 education courses.

15 D. Except as provided in subsections E and F, a licensee seeking to
16 renew a nonresident license shall submit proof to the director of having
17 earned the continuing education credit requirements that are needed to
18 satisfy the requirements of the nonresident licensee's resident state to
19 comply with the continuing education requirements prescribed in this section.

20 E. If the nonresident licensee's resident state does not recognize
21 credits earned by residents of this state, the nonresident applicant shall
22 satisfy the continuing education prescribed in this section only by earning
23 continuing education credits from an approved provider.

24 F. Subsections D and E do not apply to a nonresident licensee whose
25 resident state does not have a continuing education requirement.

26 Sec. 5. Laws 2004, chapter 162, section 14 is amended to read:

27 Sec. 14. Licenses that expire January 1, 2005 through December
28 31, 2006; renewal requirements

29 This section applies to a license that expires beginning on January 1,
30 2005 through December 31, 2006. Notwithstanding any other law, for a license
31 that is renewed pursuant to title 20, chapter 2, article 3, 3.1, 3.2, 3.3 or
32 3.4, Arizona Revised Statutes, or title 20, chapter 6, article 9, Arizona
33 Revised Statutes, a licensee whose license number is an odd number shall meet
34 the requirements for renewing a license as otherwise prescribed by title 20,
35 Arizona Revised Statutes, except that:

36 1. The person shall pay one-half the quadrennial license fee that is
37 prescribed pursuant to section 20-167, Arizona Revised Statutes, as amended
38 by this act.

39 ~~2. The person shall submit evidence of completing one-half of the~~
40 ~~number of hours of insurance continuing education that is required by section~~
41 ~~20-2902, Arizona Revised Statutes, as amended by this act.~~

42 ~~3.~~ 2. The director shall renew the license for two years.

43 Sec. 6. Effective date

44 Sections 20-2901 and 20-2902, Arizona Revised Statutes, as amended by
45 this act, are effective from and after December 31, 2004.