



Bill Number: S.B. 1118
Livingston Floor Amendment
Reference to: printed bill
Amendment drafted by: Leg Council

FLOOR AMENDMENT EXPLANATION

- 1. Specifies that oral consent to electronic document delivery applies only to an agreement to the use of electronic communication with the insurer and is not an agreement by the insured to any specific insurance policy or coverage or any other insurance matter.**
- 2. Removes the requirement for an insurance producer to disclose fees and service charges in writing and reinstates the requirement for an insured to agree to fees and service charges in writing.**
- 3. Requires a person, to qualify as an advisory organization, to assist two or more insurers or rate service organizations in the making of rates.**
- 4. Makes technical changes.**

Amendment explanation prepared by Molly Graver

02/22/22

LIVINGSTON FLOOR AMENDMENT
SENATE AMENDMENTS TO S.B. 1118
(Reference to printed bill)

1 Page 4, line 10, after the period insert "THE ORAL CONSENT PRESCRIBED IN THIS
2 SUBSECTION APPLIES ONLY TO AN AGREEMENT TO THE USE OF ELECTRONIC
3 COMMUNICATION WITH THE INSURER AND IS NOT AN AGREEMENT BY THE INSURED TO
4 ANY SPECIFIC INSURANCE POLICY OR COVERAGE OR ANY OTHER INSURANCE MATTER."

5 Page 6, strike lines 20 through 44

6 Page 7, strike lines 1 through 9, insert:

7 "Sec. 3. Section 20-381, Arizona Revised Statutes, is amended to
8 read:

9 20-381. Definitions

10 In this article, unless the context otherwise requires:

11 1. "Advisory organization":

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

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

1 2. "Loss cost adjustment":

2 (a) Means that portion of a rate filed by an insurer with the
3 director that includes the insurer's general expenses, total product
4 expenses, taxes, licenses and fee expenses and underwriting profit and
5 contingencies. ~~loss cost adjustment~~

6 (b) Does not include loss adjustment expenses or prospective loss
7 costs.

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

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

15 5. "Rate":

16 (a) Means that cost of insurance per exposure unit whether expressed
17 as a single number or as a prospective loss cost with an adjustment to
18 account for the treatment of expenses, profit and individual insurer
19 variation in loss experience before any application of individual risk
20 variations based on loss or expense considerations. ~~Rate~~

21 (b) Does not include the minimum premium.

22 6. "Rate service organization":

23 (a) Means any person other than a single insurer who assists
24 insurers by compiling and furnishing loss or expense statistics and

1 recommending, making or filing rates, forms or supplementary rate
2 information. ~~Rate service organization~~

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

6 7. "Supplementary rate information":

7 (a) Means any manual or plan of rates, statistical plan,
8 classification, rating schedule, minimum premium, schedule of fees,
9 including membership fees charged by a reciprocal or mutual insurer, rating
10 rule, rate related underwriting rule and ~~any~~ other information used by an
11 insurer in making rates. ~~Supplementary rate information~~

12 (b) Does not include the final rate pages that combine the
13 prospective loss costs with the loss cost adjustments."

14 Amend title to conform

DAVID LIVINGSTON

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02/16/2022
10:53 AM
~~C: SK~~

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5:12 PM
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