

Senate Engrossed

~~insurance; fees; consent; limits~~
(now: insurance; fees; consent; medicare supplement)

State of Arizona
Senate
Fifty-fifth Legislature
Second Regular Session
2022

SENATE BILL 1118

AN ACT

AMENDING SECTIONS 20-167, 20-239, 20-381, 20-1133, 20-1583 AND 28-4009,
ARIZONA REVISED STATUTES; RELATING TO INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

	Not Less Than:	Not More Than:
7		
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		
27 2. Certificate of authority:		
28 (a) Issuance:		
29 Fraternal benefit societies	\$ 15.00	\$ 45.00
30 Medical or hospital service		
31 corporations, health care		
32 services organizations or		
33 prepaid dental plan		
34 organizations	40.00	115.00
35 Mechanical reimbursement		
36 reinsurers	150.00	450.00
37 All other insurers	100.00	295.00
38 (b) Renewal:		
39 Fraternal benefit societies	15.00	45.00
40 Medical or hospital service		
41 corporations, health care		
42 services organizations or		
43 prepaid dental plan		
44 organizations	40.00	115.00

1	Domestic stock life insurers,		
2	domestic stock disability		
3	insurers or domestic stock		
4	life and disability insurers	750.00	2,250.00
5	Domestic life reinsurers,		
6	domestic disability		
7	reinsurers or domestic		
8	life and disability		
9	reinsurers	2,250.00	5,500.00
10	Mechanical reimbursement		
11	reinsurers	2,250.00	5,500.00
12	All other insurers	70.00	205.00
13	3. Certificate of registration as an		
14	administrator or application for		
15	renewal under section 20-485.12	\$ 100.00	\$ 295.00
16	4. Authority to solicit applications		
17	for and issue policies by means		
18	of mechanical vending machines	\$ 30.00	\$ 90.00
19	5. Service company permit	\$ 150.00	\$ 450.00
20	6. Application for motor vehicle		
21	service contract program approval	\$ 150.00	\$ 450.00
22	7. Life care contract application		
23	or annual report	\$ 225.00	\$ 675.00
24	8. Filing annual statement	\$ 150.00	\$ 450.00
25	9. Annual statement filing for		
26	exempt insurer transacting life		
27	insurance, disability insurance		
28	or annuity business pursuant to		
29	section 20-401.05	\$ 65.00	\$ 100.00
30	10. Licenses and examinations:		
31	(a) Licenses:		
32	Surplus lines broker's license,		
33	quadrennially	\$ 600.00	\$1,000.00
34	All other licenses,		
35	quadrennially	60.00	180.00
36	(b) Examinations for license:		
37	Examination on laws and one kind		
38	of insurance	8.00	25.00
39	Examination on laws and two or		
40	more kinds of insurance	15.00	45.00
41	11. Miscellaneous:		
42	Fee accompanying service of		
43	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
9 prorate 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
19 agree to a reasonable examination fee to be charged by the contractor.
20 The fee 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.

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

35 20-239. Electronic communications and records; applicability;
36 definitions

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

1 B. An insurer may deliver a notice or document by electronic means
2 to a party pursuant to this section if the party electronically consents
3 to that method of electronic delivery and has not withdrawn consent. A
4 named insured that effectuates insurance transactions by electronic means
5 shall be deemed to have consented to receive notices and documents by
6 electronic means in accordance with this section unless the named insured
7 opts out of electronic delivery and elects delivery by hard copy.

8 C. EITHER an oral communication WITH A CONTEMPORANEOUS WRITTEN
9 RECORD MADE OF THE COMMUNICATION or ~~a~~ AN ARCHIVED recording of an oral
10 communication SUBJECT TO THE INSURER'S WRITTEN RECORD RETENTION POLICY
11 ~~does not~~ SHALL qualify as consent for the purposes of this section. THE
12 ORAL CONSENT PRESCRIBED IN THIS SUBSECTION APPLIES ONLY TO AN AGREEMENT TO
13 THE USE OF ELECTRONIC COMMUNICATION WITH THE INSURER AND IS NOT AN
14 AGREEMENT BY THE INSURED TO ANY SPECIFIC INSURANCE POLICY OR COVERAGE OR
15 ANY OTHER INSURANCE MATTER.

16 D. Notwithstanding subsection A of this section, an insurer sending
17 a notice pursuant to section 20-1632, subsection A, for a period of five
18 years after the date of the notice, shall maintain in its files
19 verification that the notice was sent by electronic means with a United
20 States postal service electronic postmark or another email delivery
21 service that provides electronic postmarks substantially similar to a
22 United States postal service electronic postmark. The verification must
23 contain sufficient information from which the department may determine
24 that the notice was properly sent.

25 E. An insurer providing notice to an insured pursuant to section
26 20-1632 by electronic means shall also send that notice to the named
27 insured by United States postal service certified mail, certificate of
28 mailing or first class mail using intelligent mail barcode or another
29 similar tracking method used or approved by the United States postal
30 service pursuant to section 20-1632 if either of the following applies:

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

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

35 F. Delivery of a notice or document pursuant to this section is
36 equivalent to any delivery method required or allowed under this title,
37 including delivery by the United States postal service by first class
38 mail, postage prepaid, certified mail, certificate of mailing or first
39 class mail using intelligent mail barcode or another similar tracking
40 method used or approved by the United States postal service.

41 G. After the party elects to receive notices and documents by
42 electronic means, if a change in the hardware or software requirements
43 needed to access or retain a notice or document delivered by electronic
44 means creates a material risk that the party will not be able to access or

1 retain a subsequent notice or document to which the consent applies, the
2 insurer must inform the party of:

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

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

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

9 I. If a provision of this title expressly requires verification or
10 acknowledgment of receipt of a notice or document, the notice or document
11 may be delivered by electronic means only if the method used provides for
12 verification or acknowledgment of receipt.

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

17 K. A party's withdrawal of consent:

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

21 2. Is effective within seven days after the insurer receives the
22 withdrawal.

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

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

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

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

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

41 O. An insurer may not charge a fee to a party who does not consent
42 to receive notices or documents by electronic means and who chooses to
43 receive the notices or documents in hard copy.

1 P. This section applies only to property, casualty, disability,
2 marine and transportation, surety, prepaid legal, prepaid dental, title,
3 identity theft, workers' compensation and life insurance policies and
4 annuities that are subject to this title, including policies and contracts
5 issued by health care services organizations and hospital, medical, dental
6 and optometric service corporations.

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

10 R. For the purposes of this section:

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

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

14 (b) The posting on an electronic network or site accessible via the
15 internet or a mobile application, computer, mobile device, tablet or other
16 electronic device, together with a separate notice of the posting that
17 includes a description of the document or notice that has been posted and
18 that is provided by email to the email address at which the party has
19 consented to receive notice or by any other delivery method that has been
20 consented to by the party.

21 2. "Party" means a recipient of any notice or document as part of
22 an insurance transaction, including an applicant, an insured or a
23 policyholder.

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

26 20-381. Definitions

27 In this article, unless the context otherwise requires:

28 1. "Advisory organization":

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

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

37 2. "Loss cost adjustment":

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

42 (b) Does not include loss adjustment expenses or prospective loss
43 costs.

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

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

8 5. "Rate":

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

14 (b) Does not include the minimum premium.

15 6. "Rate service organization":

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

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

23 7. "Supplementary rate information":

24 (a) Means any manual or plan of rates, statistical plan,
25 classification, rating schedule, minimum premium, schedule of fees,
26 including membership fees charged by a reciprocal or mutual insurer,
27 rating rule, rate related underwriting rule and ~~any~~ other information used
28 by an insurer in making rates. ~~Supplementary rate information~~

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

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

33 20-1133. Medicare supplement insurance; applicability

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

42 B. Subject to the other limitations provided in this subsection, ~~no~~
43 ~~A~~ benefit mandated in this title for health insurance policies ~~shall~~ DOES
44 NOT apply to medicare supplement insurance policies unless ~~such~~ THE

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

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

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

26 20-1583. Title insurance agencies; use of corporate names

27 ~~A. An agent for a title insurer shall not adopt a corporate or~~
28 ~~business name containing the words "title insurance", "title guaranty" or~~
29 ~~"title guarantee" or other words indicating that the agent is in the~~
30 ~~business of title insurance, unless those words are followed by the words~~
31 ~~"agent" or "agency". In any stationery, sign, advertising, brochure,~~
32 ~~literature or similar writing issued or used by the agent, the words~~
33 ~~"agent" or "agency" shall be in the same size and type as the words~~
34 ~~preceding them. This section does not apply to a title insurer acting as~~
35 ~~agent for another title insurer.~~

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

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

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

3 28-4009. Motor vehicle liability policy requirements

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

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

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

19 (a) For a policy that is issued or renewed on or before June 30,
20 2020 or for a policy that is issued to a person that has a valid
21 certificate of self-insurance or partial self-insurance pursuant to
22 section 28-4007:

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

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

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

29 (b) For a policy that is issued or renewed beginning on July 1,
30 2020, except for a policy that is issued to a person that has a valid
31 certificate of self-insurance or partial self-insurance pursuant to
32 section 28-4007:

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

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

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

39 3. By agreement in writing between a named insured and the insurer
40 the policy may exclude as insured a person or persons designated by name
41 when operating a motor vehicle. The written agreement between the named
42 insured and insurer is effective for each renewal of the policy by the
43 insurer and remains in effect until the insurer agrees in writing to

1 provide coverage for the person or persons who were previously excluded
2 from coverage.

3 B. An operator's motor vehicle liability policy shall insure the
4 person named as insured in the policy against loss from the liability
5 imposed on the person by law for damages arising out of the use by the
6 person of a motor vehicle not owned by the person, within the same
7 territorial limits and subject to the same limits of liability provided in
8 subsection A of this section for an owner's motor vehicle liability
9 policy.

10 C. A motor vehicle liability policy:

11 1. Shall state the name and address of the named insured, the
12 coverage afforded by the policy, the premium charged for the policy, the
13 complete vehicle identification number of all vehicles covered by the
14 policy, the policy period and the limits of liability.

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

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

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

22 (a) Under any workers' compensation law.

23 (b) On account of bodily injury to or death of an employee of the
24 insured while engaged in the employment, other than domestic, of the
25 insured or while engaged in the operation, maintenance or repair of the
26 motor vehicle.

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

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

31 (e) For a private passenger motor vehicle used while a
32 transportation network company driver is logged in to a transportation
33 network company's digital network or software application to be a driver
34 or is providing transportation network services unless expressly
35 authorized by the terms of the motor vehicle liability insurance policy or
36 an endorsement or amendment to the policy.

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

39 (a) The liability of the insurance carrier with respect to the
40 insurance required by this chapter becomes absolute when injury or damage
41 covered by the motor vehicle liability policy occurs. The policy may not
42 be cancelled or annulled as to that liability by an agreement between the
43 insurance carrier and the insured after the occurrence of the injury or

1 damage, and a statement made by the insured or someone on the insured's
2 behalf or a violation of the policy shall not defeat or void the policy.

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

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

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

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

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

18 **8. MAY CONTAIN EXCLUSIONS EXCEPT AS SPECIFICALLY PROHIBITED BY LAW.**

19 D. A policy that grants the coverage required for a motor vehicle
20 liability policy may also grant lawful coverage in excess of or in
21 addition to the coverage specified for a motor vehicle liability policy,
22 and the excess or additional coverage is not subject to this chapter.
23 With respect to a policy that grants the excess or additional coverage,
24 the term "motor vehicle liability policy" applies only to that part of the
25 coverage that is required by this section.

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

29 F. A binder issued pending the issuance of a motor vehicle
30 liability policy fulfills the requirements for the policy.