

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 110 .

HOUSE BILL 2118

AN ACT

AMENDING SECTION 20-156, 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 20-156, Arizona Revised Statutes, is amended to
3 read:

4 20-156. Examination of insurers and state compensation fund;
5 financial surveillance fund; definition

6 A. The director shall examine the affairs, transactions, accounts,
7 records and assets of each authorized insurer as often as he THE DIRECTOR
8 deems advisable. He THE DIRECTOR shall so examine each domestic insurer not
9 less than once every three years, except that, DOMESTIC life and disability
10 reinsurers REINSURER AS defined in section 20-1082, service companies COMPANY
11 AS defined in section 20-1095 and mechanical reimbursement reinsurers
12 REINSURER AS defined in section 20-1096 shall be examined not less than AT
13 LEAST once every five years. Examination of an alien insurer shall be
14 limited to its insurance transactions in the United States.

15 B. The director shall in like manner examine each insurer applying for
16 an initial certificate of authority to do business in this state.

17 C. In lieu of making his own AN examination, the director may accept
18 a full report of the last recent examination of a foreign or alien insurer,
19 certified to by the insurance supervisory official of another state,
20 territory, commonwealth or district of the United States.

21 D. The director may examine the affairs, transactions, accounts and
22 records of the state compensation fund as often as he THE DIRECTOR reasonably
23 deems advisable. The results of such examination shall be the basis for any
24 advisory recommendations which the director deems necessary regarding the
25 operations of the state compensation fund.

26 E. The expenses of the examinations conducted under this section shall
27 be paid by the insurance examiners' revolving fund as provided in section
28 20-159. Such expenses shall be limited to preexamination selection and
29 preparation costs, examination costs, postexamination costs and other such
30 costs of evaluations of compliance required by law.

31 F. THE FINANCIAL SURVEILLANCE FUND IS ESTABLISHED CONSISTING OF MONIES
32 COLLECTED PURSUANT TO SUBSECTION G OF THIS SECTION. THE FUND IS A SPECIAL
33 STATE FUND PURSUANT TO SECTION 35-142, SUBSECTION A, PARAGRAPH 8. MONIES IN
34 THE FUND DO NOT REVERT TO THE STATE GENERAL FUND. THE DEPARTMENT SHALL
35 ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND
36 ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF
37 APPROPRIATIONS.

38 G. THE DIRECTOR SHALL ANNUALLY ASSESS AND COLLECT FROM EACH DOMESTIC
39 INSURER, OTHER THAN A DOMESTIC LIFE AND DISABILITY REINSURER AS DEFINED IN
40 SECTION 20-1082, A SERVICE COMPANY AS DEFINED IN SECTION 20-1095, AND A
41 MECHANICAL REIMBURSEMENT REINSURER AS DEFINED IN SECTION 20-1096, AN AMOUNT
42 WITHIN THE RANGES PROVIDED IN THIS SUBSECTION AND ON A UNIFORM PERCENTAGE
43 BASIS AMONG ALL FEE CATEGORIES, TO PAY THE COSTS OF EMPLOYING FINANCIAL
44 ANALYSTS WHO SHALL ASSIST THE DEPARTMENT IN CONDUCTING FINANCIAL SURVEILLANCE
45 OF DOMESTIC INSURERS. THE DIRECTOR SHALL DEPOSIT ALL COLLECTED MONIES IN THE

1 FINANCIAL SURVEILLANCE FUND. THE DIRECTOR SHALL BASE THE AMOUNT OF EACH
2 INSURER'S ASSESSMENT ON THE TOTAL ADMITTED ASSETS OF THE INSURER AS SHOWN IN
3 ITS ANNUAL STATEMENT FOR THE CALENDAR YEAR PRECEDING THE YEAR IN WHICH THE
4 ASSESSMENT IS MADE, ACCORDING TO THE FOLLOWING SCHEDULE:

	MINIMUM ASSESSMENT AMOUNT	MAXIMUM ASSESSMENT AMOUNT
7 INSURERS WITH TOTAL ADMITTED 8 ASSETS OF GREATER THAN \$1 BILLION	\$15,000	\$22,500
9 INSURERS WITH TOTAL ADMITTED 10 ASSETS OF AT LEAST \$200,000,000 11 BUT NOT MORE THAN \$1 BILLION	\$ 5,000	\$ 7,500
12 INSURERS WITH TOTAL ADMITTED 13 ASSETS OF AT LEAST \$100,000,000 14 BUT NOT MORE THAN \$199,999,999	\$ 3,000	\$ 4,500
15 INSURERS WITH TOTAL ADMITTED ASSETS 16 OF AT LEAST \$50,000,000 BUT NOT 17 MORE THAN \$99,999,999	\$ 1,500	\$ 2,250
18 INSURERS WITH TOTAL ADMITTED ASSETS 19 OF AT LEAST \$25,000,000 BUT NOT 20 MORE THAN \$49,999,999	\$ 500	\$ 750
21 INSURERS WITH TOTAL ADMITTED 22 ASSETS OF NOT MORE THAN \$24,999,999	\$ 250	\$ 375

23 F. H. For purposes of this section, "insurer" includes health care
24 services organizations, prepaid dental plan organizations, hospital service
25 corporations, medical service corporations, dental service corporations and
26 hospital, medical, dental and optometric service corporations incorporated
27 in this state.

28 Sec. 2. Requirements for enactment; two-thirds vote

29 Pursuant to article IX, section 22, Constitution of Arizona, this act
30 is effective only on the affirmative vote of at least two-thirds of the
31 members of each house of the legislature and is effective immediately on the
32 signature of the governor or, if the governor vetoes this act, on the
33 subsequent affirmative vote of at least three-fourths of the members of each
34 house of the legislature.

APPROVED BY THE GOVERNOR APRIL 11, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 12, 2001.

Passed the House February 26, 2001,

Passed the Senate April 2, 2001,

by the following vote: 56 Ayes,

by the following vote: 26 Ayes,

1 Nays, 3 Not Voting
Article IX, Section 22

3 Nays, 1 Not Voting
with Article IX, Section 22

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

 day of , 20 ,

at o'clock M.

Secretary to the Governor

Approved this day of

 , 20 ,

at o'clock M.

Governor of Arizona

H.B. 2118

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this day of , 20 ,

at o'clock M.

Secretary of State

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 05, 2001,

by the following vote: 53 Ayes,

0 Nays, 7 Not Voting
Article IX, Section 22

Jake Flake
Speaker of the House
Pro Tempore

Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

6 day of April, 2001,

at 9:32 o'clock A M.

Sandra Gray
Secretary to the Governor

Approved this 11 day of

April, 2001,

at 8:27 o'clock P M.

Janet Napolitano
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 12 day of April, 2001,

at 3:30 o'clock P M.

Debra Bayless
Secretary of State

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