

House Engrossed

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

CHAPTER 131

HOUSE BILL 2430

AN ACT

AMENDING SECTION 20-466, ARIZONA REVISED STATUTES; RELATING TO THE DEPARTMENT OF INSURANCE FRAUD UNIT.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 20-466, Arizona Revised Statutes, is amended to
3 read:

4 20-466. Fraud unit; peace officer status; powers; duty of
5 insurers

6 A. A fraud unit is established in the department of insurance.

7 B. The fraud unit shall work in conjunction with the department of
8 public safety.

9 C. The director may investigate any act or practice of fraud
10 prohibited by section 20-466.01 and any other act or practice of fraud
11 against an insurer or entity licensed under this title. The director shall
12 administer the fraud unit.

13 D. THE DIRECTOR MAY EMPLOY INVESTIGATORS FOR THE FRAUD UNIT. A FRAUD
14 UNIT INVESTIGATOR HAS AND SHALL EXERCISE THE LAW ENFORCEMENT POWERS OF A
15 PEACE OFFICER OF THIS STATE BUT ONLY WHILE ACTING IN THE COURSE AND SCOPE OF
16 EMPLOYMENT FOR THE DEPARTMENT. THE DIRECTOR SHALL ADOPT GUIDELINES FOR THE
17 CONDUCT OF INVESTIGATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE INVESTIGATIVE
18 POLICY AND PROCEDURAL GUIDELINES OF THE DEPARTMENT OF PUBLIC SAFETY FOR PEACE
19 OFFICERS. FRAUD UNIT INVESTIGATORS SHALL NOT PREEMPT THE AUTHORITY AND
20 JURISDICTION OF OTHER LAW ENFORCEMENT AGENCIES OF THIS STATE OR ITS POLITICAL
21 SUBDIVISIONS. FRAUD UNIT INVESTIGATORS:

22 1. SHALL HAVE AT LEAST THE QUALIFICATIONS PRESCRIBED BY THE ARIZONA
23 PEACE OFFICER STANDARDS AND TRAINING BOARD PURSUANT TO SECTION 41-1822.

24 2. ARE NOT ELIGIBLE TO PARTICIPATE IN THE PUBLIC SAFETY PERSONNEL
25 RETIREMENT SYSTEM ESTABLISHED BY TITLE 38, CHAPTER 5, ARTICLE 4 DUE SOLELY
26 TO EMPLOYMENT AS FRAUD UNIT INVESTIGATORS.

27 ~~D.~~ E. The director may request the submission of papers, documents,
28 reports or other evidence ~~relative~~ RELATING to an investigation under this
29 section. The director may issue subpoenas and take other actions pursuant
30 to section 20-160. The materials are privileged and confidential until the
31 director completes the investigation. The materials are not subject to
32 discovery or subpoena until opened for public inspection by the fraud unit
33 unless the director consents or, after notice and a hearing, a court
34 determines that the director would not be unduly burdened by compliance with
35 the subpoena.

36 ~~E.~~ F. If materials the director seeks to obtain by request are
37 located outside this state, the person requested to provide the materials
38 shall arrange for the fraud unit or a representative, including an official
39 of the state in which the materials are located, to examine the materials
40 where the materials are located. The director may respond to similar
41 requests from other states.

42 ~~F.~~ G. An insurer that believes a fraudulent claim has been or is
43 being made shall send to the director, on a form prescribed by the director,
44 information relative to the claim including the identity of parties claiming

1 loss or damage as a result of an accident and any other information the fraud
2 unit may require. The director shall review the report and determine if
3 further investigation is necessary. If the director determines that further
4 investigation is necessary, the director may conduct an independent
5 investigation to determine if fraud, deceit or intentional misrepresentation
6 in the submission of the claim exists. If the director is satisfied that
7 fraud, deceit or intentional misrepresentation of any kind has been committed
8 in the submission of a claim, the director may report the violations of the
9 law to the reporting insurer, to the appropriate licensing agency as defined
10 in section 20-466.04 and to the appropriate county attorney or the attorney
11 general for prosecution.

12 ~~G. H. Beginning on July 1, 1997,~~ The director shall annually assess
13 each insurer as defined in section 20-441, subsection B authorized to
14 transact business in this state up to seven hundred dollars for the
15 administration and operation of the fraud unit and the prosecution of fraud
16 pursuant to this section. Monies collected shall be deposited, PURSUANT TO
17 SECTIONS 35-146 AND 35-147, in the state general fund. The director shall
18 annually revise the fee in such a manner that the revenue derived from the
19 fees equals at least ninety-five per cent but not more than one hundred ten
20 per cent of the appropriated budget of the fraud unit for the prior fiscal
21 year.

22 H. I. A person, or an officer, employee or agent of the person acting
23 within the scope of employment or agency of that officer, employee or agent,
24 who in good faith files a report or provides other information to the fraud
25 unit pursuant to this section is not subject to civil or criminal liability
26 for reporting that information to the fraud unit.

APPROVED BY THE GOVERNOR APRIL 17, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2001.

Passed the House March 20, 2001,

Passed the Senate April 10, 2001,

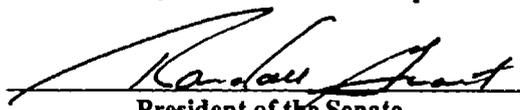
by the following vote: 44 Ayes,
11 Nays, 5 Not Voting

by the following vote: 25 Ayes,
4 Nays, 1 Not Voting



Speaker of the House

Norman L. Moore
Chief Clerk of the House



President of the Senate

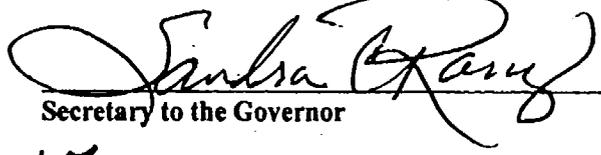
Charmie Bellington
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

11 day of April, 2001

at 8:24 o'clock A M.



Secretary to the Governor

Approved this 17 day of

April, 2001,

at 11:10 o'clock A M.

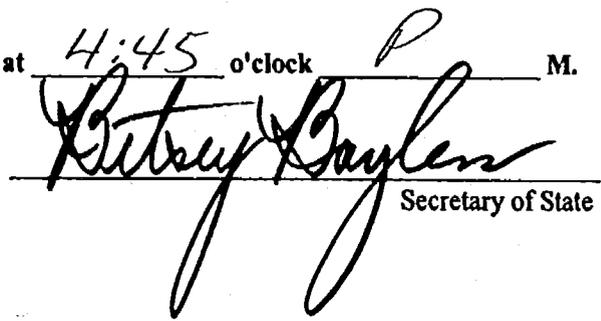


Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 17 day of April, 2001,

at 4:45 o'clock P M.



Secretary of State

H.B. 2430

House Engrossed

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

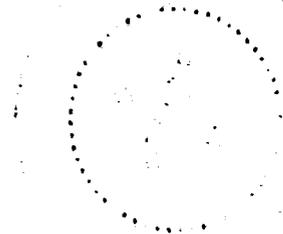
CHAPTER 132

HOUSE BILL 2444

AN ACT

AMENDING SECTION 32-2430, ARIZONA REVISED STATUTES; RELATING TO PRIVATE INVESTIGATORS.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 32-2430, Arizona Revised Statutes, is amended to
3 read:

4 32-2430. Exemptions

5 This chapter does not apply to:

6 1. An officer or employee of the federal government, this state or a
7 political subdivision of this state, while engaged in the official
8 performance of his THE OFFICER'S OR EMPLOYEE'S duties.

9 2. A person, firm or corporation, or an employee of a person, firm or
10 corporation, engaged in the business of obtaining and furnishing financial
11 ratings and personal information for others if the employee is not employed
12 or connected with any private investigator or private investigator's
13 business.

14 3. A practicing attorney ~~on~~ or INVOLVED in a case for which he THE
15 ATTORNEY has been retained or a person employed under an employee-employer
16 relationship with a practicing attorney, in the employee's performance of
17 duties related to a case for which the attorney has been retained.

18 4. A collection agency licensed ~~as such~~ in this state, or its employee
19 while acting within the scope of his employment, while making an
20 investigation incidental to the business of the agency, including an
21 investigation of the location of a debtor or his THE DEBTOR'S property if the
22 contact CONTRACT with an assignor creditor is for the collection of claims
23 owed or due or asserted to be owed or due or its equivalent.

24 5. Insurance brokers, adjusters and agents licensed by this state in
25 performing their duties in connection with insurance transacted by them.

26 6. The legal owner of personal property that has been sold under a
27 sales agreement in making investigations relating to the sales agreement.

28 7. A member of the news media and its employees when engaged in
29 obtaining information for the purpose of disseminating news to the public.

30 8. Public service corporations engaged in transmitting messages,
31 furnishing public telegraph or telephone service or investigating the use or
32 misuse of their equipment and facilities or the use or misuse of the
33 equipment and facilities of any connecting telecommunications company.

34 9. Private process servers who are duly registered and performing
35 their duties pursuant to the Arizona rules of civil procedure.

36 10. A PERSON, FIRM OR CORPORATION, OR AN EMPLOYEE OF A PERSON, FIRM OR
37 CORPORATION, THAT, FOR ANY CONSIDERATION, OBSERVES CONSUMER PURCHASES OF
38 PRODUCTS OR SERVICES IN THE PUBLIC ENVIRONMENTS OF A BUSINESS ESTABLISHMENT
39 FOR THE PURPOSE OF EVALUATING CUSTOMER SERVICE, OPERATIONAL PROCEDURES,
40 CLEANLINESS, PRODUCT QUALITY AND AVAILABILITY IF ALL OF THE FOLLOWING APPLY:

41 (a) THE INFORMATION IS OBTAINED FROM QUESTIONNAIRES THAT THE BUSINESS
42 ESTABLISHMENT APPROVES IN ADVANCE OF USE.

1 (b) THE OBTAINED INFORMATION IS USED FOR EMPLOYEE TRAINING OR
2 INCENTIVES.

3 (c) THE OBTAINED INFORMATION IS NOT USED FOR PROSECUTION OF AN
4 EMPLOYEE.

5 (d) THE BUSINESS ESTABLISHMENT DOES NOT USE A SINGLE EVALUATION AS THE
6 ONLY BASIS FOR AN EMPLOYEE'S TERMINATION FROM EMPLOYMENT.

7 11. A PERSON OR ENTITY PERFORMING DUTIES PURSUANT TO STATUTE THAT IS
8 CERTIFIED OR REGISTERED BY THE SUPREME COURT.

APPROVED BY THE GOVERNOR APRIL 17, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2001.

Passed the House February 6, 2001,

Passed the Senate April 10, 2001,

by the following vote: 57 Ayes,

by the following vote: 27 Ayes,

0 Nays, 3 Not Voting

2 Nays, 1 Not Voting

[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

11 day of April, 2001,

at 8:24 o'clock A M.

[Signature]
Secretary to the Governor

Approved this 17 day of

April, 2001,

at 11:05 o'clock A M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 17 day of April, 2001,

at 4:45 o'clock P M.

[Signature]
Secretary of State

H.B. 2444