

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 210

SENATE BILL 1377

AN ACT

AMENDING SECTION 20-401.05, 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 20-401.05, Arizona Revised Statutes, is amended to
3 read:

4 20-401.05. Certificate of exemption; definitions

5 A. On July 1 of each year, the director shall grant a certificate of
6 exemption to any insurer, EMPLOYEE BENEFIT TRUST OR VOLUNTARY EMPLOYEES'
7 BENEFICIARY ASSOCIATION transacting a- life insurance, disability insurance
8 or annuity business, OR PROVIDING OTHER HEALTH OR WELFARE BENEFITS, UNDER THE
9 LAWS OF ITS DOMICILE that:

10 1. Is organized and operated without profit to any person, firm,
11 partnership, association, corporation or other entity.

12 2. Is organized and operated exclusively for EITHER OF the purpose of
13 FOLLOWING PURPOSES:

14 (a) Aiding educational or scientific institutions that are also
15 organized and operated without profit to any person, firm, partnership,
16 association, corporation or other entity.

17 (b) AIDING AGRICULTURAL INSTITUTIONS IF THE GRANTEE IS SUBJECT TO
18 REGULATION EITHER AS AN INSURER, A MULTIPLE EMPLOYER WELFARE ARRANGEMENT OR
19 AN EMPLOYEE BENEFIT TRUST BY ITS STATE OF DOMICILE.

20 3. Serves the A purpose prescribed in paragraph 2 by issuing
21 insurance, and annuity AND EMPLOYEE BENEFITS contracts only to or for the
22 benefit of the educational, or scientific OR AGRICULTURAL institutions OR
23 THEIR RESPECTIVE MEMBERS or to individuals engaged in the service of those
24 institutions.

25 4. Appoints the secretary of state, and the secretary of state's
26 successors in office, as its true and lawful attorney on whom may be served
27 all lawful process in any action, suit or proceeding in any court by the
28 director of insurance, through the attorney general, or any action or
29 proceeding against the insurer, EMPLOYEE BENEFIT TRUST OR VOLUNTARY
30 EMPLOYEES' BENEFICIARY ASSOCIATION brought by someone other than the director
31 of insurance, which appointment is irrevocable, binds the insurer, EMPLOYEE
32 BENEFIT TRUST OR VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION or any
33 successor in interest, remains in effect as long as there is in force in this
34 state any contract or policy made or issued by the insurer, EMPLOYEE BENEFIT
35 TRUST OR VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION or any obligation
36 arising therefrom and must be processed in accordance with sections 20-401.03
37 and 20-403.

38 5. Is fully and legally organized and qualified to do business and has
39 been actively doing business under the laws of the state of its domicile for
40 a period of at least three TWENTY years before its application for a
41 certificate of exemption.

42 6. Files with the director for the director's approval a copy of any
43 policy or contract form issued to residents of this state.

1 7. Files with the director on or before March 1 of each year a copy of
2 its annual statement prepared pursuant to the laws of its state of domicile,
3 as well as any other financial material as may be requested, including the
4 annual statement or such other financial materials as may be requested
5 relating to any subsidiary or other legal entity operated by the insurer,
6 EMPLOYEE BENEFIT TRUST OR VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION under
7 a management contract or other form of agreement, and coincident with the
8 filing of its annual statement, pays the filing fee prescribed in section
9 20-167.

10 8. Agrees to submit to periodic examinations as may be deemed
11 necessary by the director.

12 B. On or before March 1 of each year, any insurer holding a
13 certificate of exemption shall file with the director, a form of premium tax
14 return prescribed by the director and shall pay the premium tax imposed by
15 section 20-224 on all policies of life insurance and disability insurance in
16 force with residents of this state.

17 C. After a hearing, the director may refuse to renew, or may revoke or
18 suspend, a certificate of exemption if the director finds that the insurer,
19 EMPLOYEE BENEFIT TRUST OR VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION no
20 longer meets the requirements of this section, or finds that the insurer,
21 EMPLOYEE BENEFIT TRUST OR VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION has
22 violated any provisions of article 6 of this chapter.

23 D. FOR THE PURPOSES OF THIS SECTION:

24 1. "AGRICULTURAL INSTITUTIONS" MEANS AGRICULTURAL GROWERS, SHIPPERS,
25 PACKERS, BROKERS, DISTRIBUTORS, WHOLESALERS, RECEIVERS AND JOBBERS, OR
26 AFFILIATED, ASSOCIATED AND RELATED SUPPLIERS, INDUSTRIES OR FIRMS.

27 2. "VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION" MEANS AN ASSOCIATION
28 DESCRIBED IN 26 UNITED STATES CODE SECTION 501(c)(9).

APPROVED BY THE GOVERNOR APRIL 25, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2005.

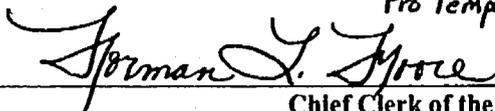
Passed the House April 12, 2005

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting



Speaker of the House
Pro Tempore

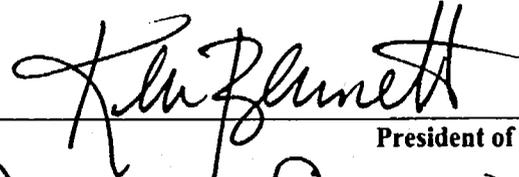


Chief Clerk of the House

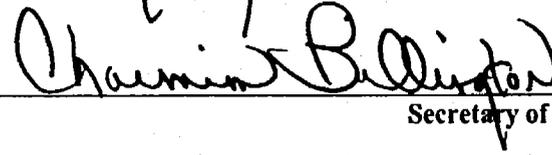
Passed the Senate February 22, 2005

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting



President of the Senate



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

**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

S.B. 1377

SENATE CONCURS IN HOUSE AMENDMENTS
AND FINAL PASSAGE

Passed the Senate April 19, 2005,

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting

[Signature]
President of the Senate
[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

19th day of April, 2005

at 3:41 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 25 day of

April, 2005,

at 9:50 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 25 day of April, 2005,

at 4:33 o'clock P. M.

[Signature]
Secretary of State

S.B. 1377