

State of Arizona  
Senate  
Fiftieth Legislature  
First Regular Session  
2011

Senate Engrossed  
**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

CHAPTER 45

# **SENATE BILL 1184**

AN ACT

AMENDING SECTIONS 20-370 AND 20-394, ARIZONA REVISED STATUTES; RELATING TO  
RATE SERVICE ORGANIZATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-370, Arizona Revised Statutes, is amended to  
3 read:

4 20-370. Examinations of rating organizations

5 A. The director ~~shall, at least once in every five years, make or~~  
6 ~~cause to be made an examination of each rating organization licensed in this~~  
7 ~~state, and he may,~~ as often as he deems it expedient, MAY make or cause to be  
8 made an examination of EACH RATING ORGANIZATION LICENSED IN THIS STATE, each  
9 advisory organization referred to in section 20-368, and of each group,  
10 association or other organization referred to in section 20-369. The  
11 reasonable costs of such examination shall be paid by the rating  
12 organization, advisory organization or group, association or other  
13 organization examined upon presentation to it of a detailed account of the  
14 cost.

15 B. The officers, managers, agents and employees of the rating  
16 organization, advisory organization or group, association or other  
17 organization may be examined at any time under oath, and shall exhibit all  
18 books, records, accounts, documents or agreements governing its method of  
19 operation.

20 C. The director shall furnish two copies of the examination report to  
21 the organization, group or association examined and shall notify the  
22 organization, group or association that ~~it may,~~ within twenty days  
23 thereafter, IT MAY request a hearing on the report or on any facts or  
24 recommendations ~~therein~~ IN THE REPORT. Before filing the report for public  
25 inspection, the director shall grant a hearing to the organization, group or  
26 association examined.

27 D. The report of the examination, when filed for public inspection,  
28 shall be admissible in evidence in any action or proceeding brought by the  
29 director against the organization, group or association examined, or its  
30 officers or agents, and shall be prima facie evidence of the facts stated  
31 ~~therein~~ IN THE REPORT.

32 E. The director may withhold the report of the examination from public  
33 inspection for such time as ~~he~~ THE DIRECTOR deems proper.

34 F. In lieu of the examination, the director may accept the report of  
35 an examination made by the insurance supervisory official of another state,  
36 pursuant to the laws of such state.

37 Sec. 2. Section 20-394, Arizona Revised Statutes, is amended to read:

38 20-394. Examination of rate service organizations and joint  
39 underwriting and joint reinsurance organizations

40 ~~The director shall, at least once every five years, make an examination~~  
41 ~~of each rate service organization.~~ The director may, as often as considered  
42 necessary, MAY examine each RATE SERVICE ORGANIZATION, EACH advisory  
43 organization and each group, association or other organization filing  
44 pursuant to section 20-391. The director shall examine only those activities  
45 conducted pursuant to this article. The director may examine the officers,

1 manager, agents and employees of such organizations at any time under oath.  
2 The organization examined shall pay the reasonable costs of ~~such an~~ THE  
3 examination upon presentation to it of a detailed account of the costs. The  
4 organization examined shall exhibit all books, records, accounts, documents  
5 or agreements governing its method of operation. ~~Instead of such an~~ IN LIEU  
6 OF THE examination the director may accept the report of an examination made  
7 by the insurance supervisory official of another state, pursuant to the laws  
8 of such state.

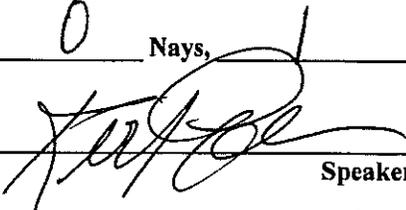
APPROVED BY THE GOVERNOR APRIL 11, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 11, 2011.

Passed the House April 4, 2011,

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

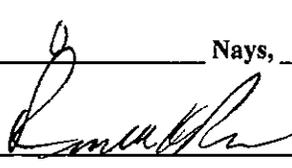
  
Speaker of the House

Cheryl Laube  
Chief Clerk of the House

Passed the Senate February 17, 2011,

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

  
President of the Senate

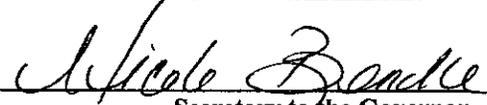
Charmine Bellinger  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

5 day of April, 2011,

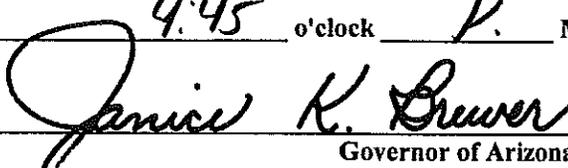
at 4:40 o'clock P. M.

  
Secretary to the Governor

Approved this 11 day of

April, 2011,

at 4:45 o'clock P. M.

  
Governor of Arizona

S.B. 1184

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 11<sup>th</sup> day of April, 2011,

at 5:12 o'clock P. M.

  
Secretary of State