Senate Engrossed House Bill

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

CHAPTER 160

HOUSE BILL 2358

AN ACT

AMENDING SECTIONS 20-2901, 20-2902 AND 20-2903, ARIZONA REVISED STATUTES; RELATING TO INSURANCE CONTINUING EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 20-2901, Arizona Revised Statutes, is amended to read:

20-2901. Definitions

In this article, unless the context otherwise requires:

1. "Applicant" means a provider organization that submits an application to the contractor to provide continuing education courses.

2. "Approved continuing education course" means any course that has been approved by at least five other states or that is approved by a contractor or automatically approved pursuant to section 20-2904.

3. "Approved provider" means an organization or individual that offers an approved continuing education course and that is authorized by the contractor to offer the course to a licensee for credit toward the licensee's continuing education requirements.

4. "Continuing education review committee" means the committee appointed by the director pursuant to section 20-2905 to establish minimum standards that apply to approved providers and approved continuing education courses and minimum performance standards that apply to contractors.

5. "CONTINUOUSLY LICENSED" MEANS THAT A LICENSEE'S LICENSE HAS NOT TERMINATED FOR ANY REASON. CONTINUOUSLY LICENSED DOES NOT INCLUDE AN EXPIRED LICENSE UNDER SECTION 20-289, SUBSECTION E IF THE LATE FEE IS TIMELY PAID AND THE LICENSE IS RENEWED OR THE LICENSE IS PLACED ON INACTIVE STATUS PURSUANT TO SECTION 20-289.01.

~~5.~~ 6. "Contractor" means the person who has a contract with the department of insurance to approve continuing education providers and courses and to administer the continuing education program and who is paid through fees collected from approved providers when the approved providers apply for continuing education course approval.

~~6.~~ 7. "Credit hour" means the value assigned to an hour of instruction in an approved continuing education course.

8. "ETHICS TRAINING" MEANS CONTINUING EDUCATION COURSE CONTENT REGARDING THE ETHICAL RESPONSIBILITIES INSURANCE PRODUCERS OWE TO INSURERS, APPLICANTS, POLICYHOLDERS, REGULATORS, INSURANCE PROFESSIONALS AND THE PUBLIC.

~~7.~~ 9. "License period" means the period between the date an Arizona insurance license is issued or last renewed and the expiration date of the Arizona insurance license.

~~8.~~ 10. "Licensee" means an INDIVIDUAL insurance producer~~, including a surplus lines broker, or a managing general agent as defined in chapter 2, article 3.1 of this title who at any time during the license period holds a current nonresident license to transact insurance in another state~~ LICENSED FOR MAJOR LINE INSURANCE AS DEFINED IN SECTION 20-281. Licensee does not include any ~~firm, corporation or other similar~~ BUSINESS entity ~~or an adjuster as defined in section 20-321~~.

~~9.~~ 11. "Nonresident ~~applicant~~ LICENSEE" means ~~an insurance producer or a managing general agent or service representative who holds a resident license in another state and a nonresident license in this state and~~ A LICENSEE who is applying ~~for the renewal of~~ TO RENEW a nonresident license in this state.

~~10.~~ 12. "Provider organization" means a person that provides continuing education courses but THAT has not yet been accepted as an approved provider pursuant to section 20-2904.

Sec. 2. Section 20-2902, Arizona Revised Statutes, is amended to read:

20-2902. Continuing education requirements; nonresident license in another state; nonresident license in this state

A. To qualify for renewal of a resident license:~~, each licensee whose expiring license period is at least one year but not more than two years shall complete a minimum of twenty credit hours of approved insurance continuing education courses offered by an approved provider. To qualify for renewal of a resident license, each licensee whose expiring license period is more than two years shall complete a minimum of forty credit hours of approved insurance continuing education courses offered by an approved provider.~~

1. IF THE LICENSE PERIOD IMMEDIATELY PRECEDING THE RENEWAL COMMENCED BEFORE JANUARY 1, 2014 AND THE LICENSEE HELD A NONRESIDENT LICENSE IN ANOTHER STATE TO TRANSACT INSURANCE AT ANY TIME DURING THE LICENSE PERIOD, THE LICENSEE SHALL HAVE COMPLETED DURING THAT LICENSE PERIOD AT LEAST FORTY CREDIT HOURS OF APPROVED INSURANCE CONTINUING EDUCATION COURSES OFFERED BY AN APPROVED PROVIDER.

2. IF THE LICENSE PERIOD IMMEDIATELY PRECEDING THE RENEWAL COMMENCED ON OR AFTER JANUARY 1, 2014, THE LICENSEE SHALL HAVE COMPLETED DURING THAT LICENSE PERIOD AT LEAST FORTY-EIGHT CREDIT HOURS, INCLUDING AT LEAST SIX CREDIT HOURS OF ETHICS TRAINING, OF APPROVED INSURANCE CONTINUING EDUCATION COURSES OFFERED BY AN APPROVED PROVIDER.

B. SUBSECTION A OF THIS SECTION DOES NOT APPLY TO A LICENSEE WHO, AS OF JANUARY 1, 2014, MEETS AND CONTINUES TO MEET THE FOLLOWING CRITERIA:

1. HAS BEEN CONTINUOUSLY LICENSED AS AN INSURANCE AGENT, BROKER OR PRODUCER IN THIS STATE SINCE JANUARY 1, 1995.

2. HAS NOT AT ANY TIME SINCE JANUARY 1, 1995, HELD A NONRESIDENT INSURANCE PRODUCER LICENSE IN ANOTHER STATE.

3. HAS NEVER BEEN THE SUBJECT OF AN ORDER ISSUED BY THE DIRECTOR FINDING THAT THE LICENSEE HAS VIOLATED ANY PROVISION OF THIS TITLE IN WHICH THE DIRECTOR ORDERED ANY OF THE FOLLOWING:

(a) THE SUSPENSION, REVOCATION OR DENIAL OR RENEWAL OF THE LICENSEE'S AGENT, BROKER OR PRODUCER LICENSE.

(b) THE LICENSEE TO CEASE AND DESIST FROM THE CONDUCT CONSTITUTING THE VIOLATION.

(c) THE LICENSEE TO PAY RESTITUTION OR A CIVIL PENALTY.

C. A LICENSEE WHO INSTRUCTS AN APPROVED COURSE ON BEHALF OF AN APPROVED PROVIDER SHALL RECEIVE TWO TIMES THE CREDIT HOURS ASSIGNED TO THE APPROVED COURSE.

D. A LICENSEE MAY RECEIVE CREDIT FOR A PARTICULAR APPROVED COURSE ONLY ONCE DURING A SINGLE LICENSE PERIOD.

~~B.~~ E. After the licensee completes an approved continuing education course, the approved provider shall furnish the licensee with a certificate of compliance ~~in a form approved by the director~~ that certifies that the licensee has taken and completed the course. The licensee and a person authorized to sign on behalf of the approved provider shall sign the certificate. The director may require that the licensee ~~attach~~ INCLUDE the signed certificate of compliance ~~to~~ WITH the application for renewal of the resident license. ~~The director shall not renew the licensee's resident license unless the director has obtained evidence that the licensee has completed the credit hours prescribed in subsection A. The required credit hours apply to the same term as the license.~~

~~C.~~ F. ~~Pursuant to subsection B,~~ The CERTIFICATE OF COMPLIANCE SHALL BE IN A form approved by the director AND shall ~~require~~ SET FORTH at least the following information:

1. The licensee's name and ~~the~~ license number ~~that is issued by the department~~.

2. The name of the approved provider.

3. The subjects and titles of the approved continuing education courses that the licensee completed.

4. The dates that the licensee completed the approved continuing education courses.

5. THE NUMBER OF CREDIT HOURS IN ETHICS TRAINING THAT THE LICENSEE EARNED BY COMPLETING THE APPROVED CONTINUING EDUCATION COURSE.

6. THE TOTAL NUMBER OF CREDIT HOURS THAT THE LICENSEE EARNED BY COMPLETING THE APPROVED CONTINUING EDUCATION COURSE.

G. THE DIRECTOR SHALL NOT RENEW A LICENSEE'S RESIDENT LICENSE UNLESS THE LICENSEE HAS PROVIDED EVIDENCE THAT THE LICENSEE HAS COMPLETED THE CREDIT HOURS PRESCRIBED IN SUBSECTION A OF THIS SECTION.

~~D.~~ H. Except as provided in subsections ~~E~~ I and ~~F~~ J OF THIS SECTION, a ~~licensee seeking to renew a~~ nonresident ~~license~~ LICENSEE shall submit proof to the director of having earned the continuing education credit requirements that are needed to satisfy the requirements of the nonresident licensee's ~~resident~~ HOME state to comply with the continuing education requirements prescribed in this section.

~~E.~~ I. If the nonresident licensee's ~~resident~~ HOME state does not recognize credits earned by residents of this state, the nonresident ~~applicant~~ LICENSEE shall satisfy the continuing education prescribed in this section only by earning continuing education credits from an approved provider.

~~F. Subsections D and E do not apply to a nonresident licensee whose resident state does not have a continuing education requirement.~~

J. IF THE HOME STATE OF A NONRESIDENT LICENSEE DOES NOT HAVE A CONTINUING EDUCATION REQUIREMENT, THE NONRESIDENT LICENSEE IS SUBJECT TO THE SAME CONTINUING EDUCATION REQUIREMENTS AS A RESIDENT LICENSEE.

Sec. 3. Section 20-2903, Arizona Revised Statutes, is amended to read:

20-2903. Record keeping

A. ~~Beginning on July 1, 1999~~ Licensees shall maintain their own continuing education records described in section 20-2902, subsection ~~C~~ F and shall keep the records until the second renewal date after the period for which the continuing education credits were earned.

B. In order to verify the attendance and successful course completion of all licensees enrolled in an approved course, approved providers shall maintain records for five years in a manner acceptable to the director. The records are subject to audit by the department. Each approved provider shall maintain records that include at least the following information for each approved continuing education course provided by the approved provider:

1. The title and subject.
2. A list of attendees.
3. The name of the instructor.
4. A copy of the continuing education course outline.
5. Other information deemed necessary by the director.

C. Based on an audit prescribed in subsection B of this section, if the director discovers that an approved provider has failed to maintain records in the manner prescribed in subsection B of this section, the director shall immediately notify the contractor described in section 20-2904 of the approved provider's noncompliance and the contractor shall remove the approved provider from the contractor's list of approved providers. The contractor shall not accept that provider organization as an approved provider for at least one year. The approved provider's noncompliance does not affect the licensee's ability to obtain a renewal of a nonresident license if the licensee complies with section 20-2902 and subsection A of this section.

APPROVED BY THE GOVERNOR APRIL 30, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 1, 2013.

Passed the House February 13, 2013

by the following vote: 51 Ayes,

8 Nays, 1 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate April 18, 2013

by the following vote: 21 Ayes,

6 Nays, 3 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

Secretary to the Governor

Approved this _____day of

at _____o'clock _____M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

Secretary of State

H.B. 2358

HOUSE CONCURS IN SENATE AMENDMENTS AND FINAL PASSAGE

April 22, 2013,

by the following vote: 45 Ayes,

11 Nays, 4 Not Voting

Speaker of the House

Cheryl Lande

Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

25 day of April, 2013,

at 3:30 o'clock P M.

Michaela Howard

Secretary to the Governor

Approved this 30th day of

April, 2013,

at 1:53 o'clock P. M.

Jan K. Brewer

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 1st day of May, 2013,

at 9:02 o'clock a M.

Jim Drake

acting Secretary of State

H.B. 2358