

House Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

CHAPTER 119

HOUSE BILL 2352

AN ACT

AMENDING SECTION 20-261.03, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 20-261.05, 20-261.06, 20-261.07 AND 20-261.08; RELATING TO CREDIT FOR REINSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-261.03, Arizona Revised Statutes, is amended to
3 read:

4 20-261.03. Qualified United States financial institution:
5 definitions

6 A. For the purposes of section 20-261.02, subsection B AND SECTION
7 20-261.06, SUBSECTION B, "qualified United States financial institution"
8 means an institution that:

9 1. Is organized, or in the case of a United States office of a foreign
10 banking organization, licensed, under the laws of the United States or any
11 state of the United States.

12 2. Is regulated, supervised and examined by federal or state
13 authorities having regulatory authority over banks and trust companies.

14 3. According to the director of insurance or the securities valuation
15 office of the national association of insurance commissioners, meets the
16 standards of financial condition and standing that are considered necessary
17 and appropriate to regulate the quality of financial institutions whose
18 letters of credit will be acceptable to the director.

19 B. For the purposes of this article, except for the purposes of
20 section 20-261.02, subsection B AND SECTION 20-261.06, SUBSECTION B,
21 "qualified United States financial institution" means an institution that:

22 1. Is organized, or in the case of a United States branch or agency
23 office of a foreign banking organization, licensed, under the laws of the
24 United States or any state of the United States that has been granted
25 authority to operate with fiduciary powers.

26 2. Is regulated, supervised and examined by federal or state
27 authorities having regulatory authority over banks and trust companies.

28 Sec. 2. Title 20, chapter 2, article 2, Arizona Revised Statutes, is
29 amended by adding sections 20-261.05, 20-261.06, 20-261.07 and 20-261.08, to
30 read:

31 20-261.05. Credit for reinsurance

32 A. A DOMESTIC CEDING INSURER SHALL BE ALLOWED CREDIT FOR REINSURANCE
33 AS EITHER AN ASSET OR A REDUCTION FROM LIABILITY ON ACCOUNT OF REINSURANCE
34 CEDED ONLY WHEN THE REINSURER MEETS THE REQUIREMENTS OF SUBSECTION B, C, D,
35 E, F OR G OF THIS SECTION. CREDIT SHALL BE ALLOWED UNDER SUBSECTION B, C OR
36 D OF THIS SECTION ONLY FOR CESSIONS OF THOSE KINDS OR CLASSES OF BUSINESS
37 THAT THE ASSUMING INSURER IS LICENSED OR OTHERWISE PERMITTED TO WRITE OR
38 ASSUME IN ITS STATE OF DOMICILE OR, IN THE CASE OF A UNITED STATES BRANCH OF
39 AN ALIEN ASSUMING INSURER, IN THE STATE THROUGH WHICH IT IS ENTERED AND
40 LICENSED TO TRANSACT INSURANCE OR REINSURANCE. CREDIT SHALL BE ALLOWED UNDER
41 SUBSECTION D OR E OF THIS SECTION ONLY IF THE APPLICABLE REQUIREMENTS OF
42 SUBSECTION H OF THIS SECTION HAVE BEEN SATISFIED.

43 B. CREDIT SHALL BE ALLOWED WHEN THE REINSURANCE IS CEDED TO AN
44 ASSUMING INSURER THAT IS LICENSED TO TRANSACT INSURANCE OR REINSURANCE IN
45 THIS STATE.

1 C. CREDIT SHALL BE ALLOWED WHEN THE REINSURANCE IS CEDED TO AN
2 ASSUMING INSURER THAT IS ACCREDITED BY THE DIRECTOR AS A REINSURER IN THIS
3 STATE. IN ORDER TO BE ELIGIBLE FOR ACCREDITATION, A REINSURER MUST:
4 1. FILE WITH THE DIRECTOR EVIDENCE OF ITS SUBMISSION TO THIS STATE'S
5 JURISDICTION.
6 2. SUBMIT TO THIS STATE'S AUTHORITY TO EXAMINE ITS BOOKS AND RECORDS.
7 3. BE LICENSED TO TRANSACT INSURANCE OR REINSURANCE IN AT LEAST ONE
8 STATE, OR IN THE CASE OF A UNITED STATES BRANCH OF AN ALIEN ASSUMING INSURER,
9 BE ENTERED THROUGH AND LICENSED TO TRANSACT INSURANCE OR REINSURANCE IN AT
10 LEAST ONE STATE.
11 4. FILE ANNUALLY WITH THE DIRECTOR A COPY OF ITS ANNUAL STATEMENT
12 FILED WITH THE INSURANCE DEPARTMENT OF ITS STATE OF DOMICILE AND A COPY OF
13 ITS MOST RECENT AUDITED FINANCIAL STATEMENT.
14 5. DEMONSTRATE TO THE SATISFACTION OF THE DIRECTOR THAT IT HAS
15 ADEQUATE FINANCIAL CAPACITY TO MEET ITS REINSURANCE OBLIGATIONS AND IS
16 OTHERWISE QUALIFIED TO ASSUME REINSURANCE FROM A DOMESTIC INSURER. AN
17 ASSUMING INSURER IS DEEMED TO MEET THIS REQUIREMENT AS OF THE TIME OF ITS
18 APPLICATION IF IT MAINTAINS A SURPLUS AS REGARDS POLICYHOLDERS IN AN AMOUNT
19 NOT LESS THAN TWENTY MILLION DOLLARS AND THE DIRECTOR HAS NOT DENIED ITS
20 ACCREDITATION WITHIN NINETY DAYS AFTER SUBMISSION OF ITS APPLICATION.
21 D. CREDIT SHALL BE ALLOWED WHEN THE REINSURANCE IS CEDED TO AN
22 ASSUMING INSURER THAT IS DOMICILED IN, OR IN THE CASE OF A UNITED STATES
23 BRANCH OF AN ALIEN ASSUMING INSURER IS ENTERED THROUGH, A STATE THAT EMPLOYS
24 STANDARDS REGARDING CREDIT FOR REINSURANCE SUBSTANTIALLY SIMILAR TO THOSE
25 APPLICABLE UNDER THIS SECTION AND THE ASSUMING INSURER OR UNITED STATES
26 BRANCH OF AN ALIEN ASSUMING INSURER DOES BOTH OF THE FOLLOWING:
27 1. MAINTAINS A SURPLUS AS REGARDS POLICYHOLDERS IN AN AMOUNT NOT LESS
28 THAN TWENTY MILLION DOLLARS. THIS REQUIREMENT DOES NOT APPLY TO REINSURANCE
29 CEDED AND ASSUMED PURSUANT TO POOLING ARRANGEMENTS AMONG INSURERS IN THE SAME
30 HOLDING COMPANY SYSTEM.
31 2. SUBMITS TO THE AUTHORITY OF THIS STATE TO EXAMINE ITS BOOKS AND
32 RECORDS.
33 E. CREDIT SHALL BE ALLOWED WHEN THE REINSURANCE IS CEDED TO AN
34 ASSUMING INSURER THAT MAINTAINS A TRUST FUND IN A QUALIFIED UNITED STATES
35 FINANCIAL INSTITUTION, AS DEFINED IN SECTION 20-261.03, SUBSECTION B, FOR THE
36 PAYMENT OF VALID CLAIMS OF ITS UNITED STATES CEDING INSURERS, THEIR ASSIGNS
37 AND SUCCESSORS IN INTEREST. TO ENABLE THE DIRECTOR TO DETERMINE THE
38 SUFFICIENCY OF THE TRUST FUND, THE ASSUMING INSURER SHALL REPORT ANNUALLY TO
39 THE DIRECTOR INFORMATION SUBSTANTIALLY THE SAME AS THAT REQUIRED TO BE
40 REPORTED IN THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS ANNUAL
41 STATEMENT FORM BY LICENSED INSURERS. THE ASSUMING INSURER SHALL SUBMIT TO
42 EXAMINATION OF ITS BOOKS AND RECORDS BY THE DIRECTOR AND ASSUME THE EXPENSE
43 OF EXAMINATION. THE FOLLOWING PROVISIONS ALSO APPLY TO THE TRUST:

1 1. CREDIT FOR REINSURANCE SHALL NOT BE GRANTED UNDER THIS SUBSECTION
2 UNLESS THE FORM OF THE TRUST AND ANY AMENDMENTS TO THE TRUST HAVE BEEN
3 APPROVED BY ONE OF THE FOLLOWING:

4 (a) THE DIRECTOR OR COMMISSIONER OF THE STATE WHERE THE TRUST IS
5 DOMICILED.

6 (b) THE DIRECTOR OR COMMISSIONER OF ANOTHER STATE WHO, PURSUANT TO THE
7 TERMS OF THE TRUST INSTRUMENT, HAS ACCEPTED PRINCIPAL REGULATORY OVERSIGHT OF
8 THE TRUST.

9 2. THE FORM OF THE TRUST AND ANY TRUST AMENDMENTS SHALL BE FILED WITH
10 THE DIRECTOR OF EVERY STATE IN WHICH THE CEDING INSURER BENEFICIARIES OF THE
11 TRUST ARE DOMICILED. THE TRUST INSTRUMENT SHALL PROVIDE THAT CONTESTED
12 CLAIMS SHALL BE VALID AND ENFORCEABLE ON THE FINAL ORDER OF ANY COURT OF
13 COMPETENT JURISDICTION IN THE UNITED STATES. THE TRUST SHALL VEST LEGAL
14 TITLE TO ITS ASSETS IN ITS TRUSTEES FOR THE BENEFIT OF THE ASSUMING INSURER'S
15 UNITED STATES CEDING INSURERS, THEIR ASSIGNS AND SUCCESSORS IN INTEREST. THE
16 TRUST AND THE ASSUMING INSURER SHALL BE SUBJECT TO EXAMINATION AS DETERMINED
17 BY THE DIRECTOR.

18 3. THE TRUST SHALL REMAIN IN EFFECT FOR AS LONG AS THE ASSUMING
19 INSURER HAS OUTSTANDING OBLIGATIONS DUE UNDER THE REINSURANCE AGREEMENTS
20 SUBJECT TO THE TRUST. ON OR BEFORE FEBRUARY 28 OF EACH YEAR THE TRUSTEE OF
21 THE TRUST SHALL REPORT TO THE DIRECTOR IN WRITING THE BALANCE OF THE TRUST
22 AND A LIST OF THE TRUST'S INVESTMENTS AT THE PRECEDING YEAR END AND SHALL
23 CERTIFY THE DATE OF TERMINATION OF THE TRUST, IF SO PLANNED, OR CERTIFY THAT
24 THE TRUST WILL NOT EXPIRE BEFORE THE FOLLOWING DECEMBER 31.

25 4. THE TRUST FUND FOR A SINGLE ASSUMING INSURER SHALL CONSIST OF FUNDS
26 IN TRUST IN AN AMOUNT NOT LESS THAN THE ASSUMING INSURER'S LIABILITIES
27 ATTRIBUTABLE TO REINSURANCE CEDED BY UNITED STATES CEDING INSURERS AND,
28 EXCEPT AS PROVIDED IN PARAGRAPH 5 OF THIS SUBSECTION, THE ASSUMING INSURER
29 SHALL MAINTAIN A TRUSTEED SURPLUS OF NOT LESS THAN TWENTY MILLION DOLLARS.

30 5. AT ANY TIME AFTER THE ASSUMING INSURER HAS PERMANENTLY DISCONTINUED
31 UNDERWRITING NEW BUSINESS SECURED BY THE TRUST FOR AT LEAST THREE FULL YEARS,
32 THE DIRECTOR WITH PRINCIPAL REGULATORY OVERSIGHT OVER THE TRUST MAY AUTHORIZE
33 A REDUCTION IN THE REQUIRED TRUSTEED SURPLUS, BUT ONLY AFTER A FINDING, BASED
34 ON AN ASSESSMENT OF THE RISK, THAT THE NEW REQUIRED SURPLUS LEVEL IS ADEQUATE
35 FOR THE PROTECTION OF UNITED STATES CEDING INSURERS, POLICYHOLDERS AND
36 CLAIMANTS IN LIGHT OF REASONABLY FORESEEABLE ADVERSE LOSS DEVELOPMENT. THE
37 RISK ASSESSMENT MAY INVOLVE AN ACTUARIAL REVIEW, INCLUDING AN INDEPENDENT
38 ANALYSIS OF RESERVES AND CASH FLOWS, AND SHALL CONSIDER ALL MATERIAL RISK
39 FACTORS, INCLUDING, WHEN APPLICABLE, THE LINES OF BUSINESS INVOLVED, THE
40 STABILITY OF THE INCURRED LOSS ESTIMATES AND THE EFFECT OF THE SURPLUS
41 REQUIREMENTS ON THE ASSUMING INSURER'S LIQUIDITY OR SOLVENCY. THE MINIMUM
42 REQUIRED TRUSTEED SURPLUS MAY NOT BE REDUCED TO AN AMOUNT LESS THAN THIRTY
43 PERCENT OF THE ASSUMING INSURER'S LIABILITIES ATTRIBUTABLE TO REINSURANCE
44 CEDED BY UNITED STATES CEDING INSURERS COVERED BY THE TRUST.

1 6. IN THE CASE OF A GROUP INCLUDING INCORPORATED AND INDIVIDUAL
2 UNINCORPORATED UNDERWRITERS:

3 (a) FOR REINSURANCE CEDED UNDER REINSURANCE AGREEMENTS WITH AN
4 INCEPTION AMENDMENT OR RENEWAL DATE ON OR AFTER JANUARY 1, 1993, THE TRUST
5 SHALL CONSIST OF A TRUSTEED ACCOUNT IN AN AMOUNT NOT LESS THAN THE RESPECTIVE
6 UNDERWRITERS' SEVERAL LIABILITIES ATTRIBUTABLE TO BUSINESS CEDED BY UNITED
7 STATES DOMICILED CEDING INSURERS TO ANY UNDERWRITER OF THE GROUP.

8 (b) FOR REINSURANCE CEDED UNDER REINSURANCE AGREEMENTS WITH AN
9 INCEPTION DATE ON OR BEFORE DECEMBER 31, 1992, AND NOT AMENDED OR RENEWED
10 AFTER THAT DATE, NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION OR
11 SECTIONS 20-261.03, 20-261.06 AND 20-261.07, THE TRUST SHALL CONSIST OF A
12 TRUSTEED ACCOUNT IN AN AMOUNT NOT LESS THAN THE RESPECTIVE UNDERWRITERS'
13 SEVERAL INSURANCE AND REINSURANCE LIABILITIES ATTRIBUTABLE TO BUSINESS
14 WRITTEN IN THE UNITED STATES.

15 (c) IN ADDITION TO THE TRUSTS SET FORTH IN SUBDIVISIONS (a) AND (b) OF
16 THIS PARAGRAPH, THE GROUP SHALL MAINTAIN IN TRUST A TRUSTEED SURPLUS OF WHICH
17 ONE HUNDRED MILLION DOLLARS SHALL BE HELD JOINTLY FOR THE BENEFIT OF THE
18 UNITED STATES DOMICILED CEDING INSURERS OF ANY MEMBER OF THE GROUP FOR ALL
19 YEARS OF ACCOUNT.

20 (d) THE INCORPORATED MEMBERS OF THE GROUP SHALL NOT BE ENGAGED IN ANY
21 BUSINESS OTHER THAN UNDERWRITING AS A MEMBER OF THE GROUP AND SHALL BE
22 SUBJECT TO THE SAME LEVEL OF REGULATION AND SOLVENCY CONTROL BY THE GROUP'S
23 DOMICILIARY REGULATOR AS ARE THE UNINCORPORATED MEMBERS.

24 (e) WITHIN NINETY DAYS AFTER ITS FINANCIAL STATEMENTS ARE DUE TO BE
25 FILED WITH THE GROUP'S DOMICILIARY REGULATOR, THE GROUP SHALL PROVIDE TO THE
26 DIRECTOR AN ANNUAL CERTIFICATION BY THE GROUP'S DOMICILIARY REGULATOR OF THE
27 SOLVENCY OF EACH UNDERWRITER MEMBER OR, IF A CERTIFICATION IS UNAVAILABLE,
28 FINANCIAL STATEMENTS, PREPARED BY INDEPENDENT PUBLIC ACCOUNTANTS, OF EACH
29 UNDERWRITER MEMBER OF THE GROUP.

30 7. IN THE CASE OF A GROUP OF INCORPORATED UNDERWRITERS UNDER COMMON
31 ADMINISTRATION, THE GROUP SHALL MEET THE FOLLOWING REQUIREMENTS:

32 (a) HAVE CONTINUOUSLY TRANSACTED AN INSURANCE BUSINESS OUTSIDE THE
33 UNITED STATES FOR AT LEAST THREE YEARS IMMEDIATELY BEFORE MAKING APPLICATION
34 FOR ACCREDITATION.

35 (b) MAINTAIN AGGREGATE POLICYHOLDERS' SURPLUS OF AT LEAST TEN BILLION
36 DOLLARS.

37 (c) MAINTAIN A TRUST FUND IN AN AMOUNT NOT LESS THAN THE GROUP'S
38 SEVERAL LIABILITIES ATTRIBUTABLE TO BUSINESS CEDED BY UNITED STATES DOMICILED
39 CEDING INSURERS TO ANY MEMBER OF THE GROUP PURSUANT TO REINSURANCE CONTRACTS
40 ISSUED IN THE NAME OF THE GROUP.

41 (d) MAINTAIN A JOINT TRUSTEED SURPLUS OF WHICH ONE HUNDRED MILLION
42 DOLLARS SHALL BE HELD JOINTLY FOR THE BENEFIT OF UNITED STATES DOMICILED
43 CEDING INSURERS OF ANY MEMBER OF THE GROUP AS ADDITIONAL SECURITY FOR THESE
44 LIABILITIES.

1 (e) WITHIN NINETY DAYS AFTER ITS FINANCIAL STATEMENTS ARE DUE TO BE
2 FILED WITH THE GROUP'S DOMICILIARY REGULATOR, MAKE AVAILABLE TO THE DIRECTOR
3 AN ANNUAL CERTIFICATION OF EACH UNDERWRITER MEMBER'S SOLVENCY BY THE MEMBER'S
4 DOMICILIARY REGULATOR AND FINANCIAL STATEMENTS OF EACH UNDERWRITER MEMBER OF
5 THE GROUP PREPARED BY ITS INDEPENDENT PUBLIC ACCOUNTANT.

6 F. CREDIT SHALL BE ALLOWED WHEN THE REINSURANCE IS CEDED TO AN
7 ASSUMING INSURER THAT HAS BEEN CERTIFIED BY THE DIRECTOR AS A REINSURER IN
8 THIS STATE AND THAT SECURES ITS OBLIGATIONS IN ACCORDANCE WITH THE
9 REQUIREMENTS OF THIS SUBSECTION. IN ORDER TO BE ELIGIBLE FOR CERTIFICATION,
10 THE ASSUMING INSURER SHALL MEET THE FOLLOWING REQUIREMENTS:

11 1. THE ASSUMING INSURER MUST BE DOMICILED AND LICENSED TO TRANSACT
12 INSURANCE OR REINSURANCE IN A QUALIFIED JURISDICTION, AS DETERMINED BY THE
13 DIRECTOR PURSUANT TO SUBSECTION G OF THIS SECTION.

14 2. THE ASSUMING INSURER MUST MAINTAIN CAPITAL AND SURPLUS, OR ITS
15 EQUIVALENT, IN AN AMOUNT TO BE DETERMINED BY THE DIRECTOR BY RULE.

16 3. THE ASSUMING INSURER MUST MAINTAIN FINANCIAL STRENGTH RATINGS FROM
17 TWO OR MORE RATING AGENCIES DEEMED ACCEPTABLE BY THE DIRECTOR BY RULE OR
18 ORDER.

19 4. THE ASSUMING INSURER MUST AGREE TO SUBMIT TO THE JURISDICTION OF
20 THIS STATE, APPOINT THE DIRECTOR AS ITS AGENT FOR SERVICE OF PROCESS IN THIS
21 STATE AND AGREE TO PROVIDE SECURITY FOR ONE HUNDRED PERCENT OF THE ASSUMING
22 INSURER'S LIABILITIES ATTRIBUTABLE TO REINSURANCE CEDED BY UNITED STATES
23 CEDING INSURERS IF THE ASSUMING INSURER RESISTS ENFORCEMENT OF A FINAL UNITED
24 STATES JUDGMENT.

25 5. THE ASSUMING INSURER MUST AGREE TO MEET APPLICABLE INFORMATION
26 FILING REQUIREMENTS AS DETERMINED BY THE DIRECTOR, BOTH WITH RESPECT TO ITS
27 INITIAL APPLICATION FOR CERTIFICATION AND ON AN ONGOING BASIS.

28 6. THE ASSUMING INSURER MUST SATISFY ANY OTHER REQUIREMENTS FOR
29 CERTIFICATION DEEMED RELEVANT BY THE DIRECTOR.

30 7. IN ADDITION TO SATISFYING THE REQUIREMENTS OF PARAGRAPHS 1, 2, 3,
31 4, 5 AND 6 OF THIS SUBSECTION, FOR AN ASSOCIATION INCLUDING INCORPORATED AND
32 INDIVIDUAL UNINCORPORATED UNDERWRITERS TO BE ELIGIBLE FOR CERTIFICATION THE
33 ASSOCIATION MUST MEET THE FOLLOWING REQUIREMENTS:

34 (a) THE ASSOCIATION SHALL SATISFY ITS MINIMUM CAPITAL AND SURPLUS
35 REQUIREMENTS THROUGH THE CAPITAL AND SURPLUS EQUIVALENTS, NET OF LIABILITIES,
36 OF THE ASSOCIATION AND ITS MEMBERS, WHICH SHALL INCLUDE A JOINT CENTRAL FUND
37 THAT MAY BE APPLIED TO ANY UNSATISFIED OBLIGATION OF THE ASSOCIATION OR ANY
38 OF ITS MEMBERS, IN AN AMOUNT DETERMINED BY THE DIRECTOR TO PROVIDE ADEQUATE
39 PROTECTION.

40 (b) THE INCORPORATED MEMBERS OF THE ASSOCIATION SHALL NOT BE ENGAGED
41 IN ANY BUSINESS OTHER THAN UNDERWRITING AS A MEMBER OF THE ASSOCIATION AND
42 SHALL BE SUBJECT TO THE SAME LEVEL OF REGULATION AND SOLVENCY CONTROL BY THE
43 ASSOCIATION'S DOMICILIARY REGULATOR AS ARE THE UNINCORPORATED MEMBERS.

44 (c) WITHIN NINETY DAYS AFTER ITS FINANCIAL STATEMENTS ARE DUE TO BE
45 FILED WITH THE ASSOCIATION'S DOMICILIARY REGULATOR, THE ASSOCIATION SHALL

1 PROVIDE TO THE DIRECTOR AN ANNUAL CERTIFICATION BY THE ASSOCIATION'S
2 DOMICILIARY REGULATOR OF THE SOLVENCY OF EACH UNDERWRITER MEMBER OR, IF A
3 CERTIFICATION IS UNAVAILABLE, FINANCIAL STATEMENTS PREPARED BY INDEPENDENT
4 PUBLIC ACCOUNTANTS OF EACH UNDERWRITER MEMBER OF THE ASSOCIATION.

5 G. THE DIRECTOR SHALL CREATE AND PUBLISH A LIST OF QUALIFIED
6 JURISDICTIONS, UNDER WHICH AN ASSUMING INSURER LICENSED AND DOMICILED IN SUCH
7 JURISDICTION IS ELIGIBLE TO BE CONSIDERED FOR CERTIFICATION BY THE DIRECTOR
8 AS A CERTIFIED REINSURER. IN ADDITION, THE DIRECTOR SHALL:

9 1. IN ORDER TO DETERMINE WHETHER THE DOMICILIARY JURISDICTION OF A
10 NON-UNITED STATES ASSUMING INSURER IS ELIGIBLE TO BE RECOGNIZED AS A
11 QUALIFIED JURISDICTION, EVALUATE THE APPROPRIATENESS AND EFFECTIVENESS OF THE
12 REINSURANCE SUPERVISORY SYSTEM OF THE JURISDICTION, BOTH INITIALLY AND ON AN
13 ONGOING BASIS, AND CONSIDER THE RIGHTS, BENEFITS AND EXTENT OF RECIPROCAL
14 RECOGNITION AFFORDED BY THE NON-UNITED STATES JURISDICTION TO REINSURERS
15 LICENSED AND DOMICILED IN THE UNITED STATES. A QUALIFIED JURISDICTION MUST
16 AGREE TO SHARE INFORMATION AND COOPERATE WITH THE DIRECTOR WITH RESPECT TO
17 ALL CERTIFIED REINSURERS DOMICILED WITHIN THAT JURISDICTION. A JURISDICTION
18 MAY NOT BE RECOGNIZED AS A QUALIFIED JURISDICTION IF THE DIRECTOR HAS
19 DETERMINED THAT THE JURISDICTION DOES NOT ADEQUATELY AND PROMPTLY ENFORCE
20 FINAL UNITED STATES JUDGMENTS AND ARBITRATION AWARDS. ADDITIONAL FACTORS MAY
21 BE CONSIDERED IN THE DISCRETION OF THE DIRECTOR.

22 2. CONSIDER THE LIST OF QUALIFIED JURISDICTIONS PUBLISHED THROUGH THE
23 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS COMMITTEE PROCESS IN
24 DETERMINING QUALIFIED JURISDICTIONS. IF THE DIRECTOR APPROVES A JURISDICTION
25 AS QUALIFIED THAT DOES NOT APPEAR ON THE LIST OF QUALIFIED JURISDICTIONS
26 PUBLISHED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, THE
27 DIRECTOR SHALL PROVIDE THOROUGHLY DOCUMENTED JUSTIFICATION IN ACCORDANCE WITH
28 CRITERIA TO BE DEVELOPED BY RULE.

29 3. RECOGNIZE UNITED STATES JURISDICTIONS THAT MEET THE REQUIREMENT FOR
30 ACCREDITATION UNDER THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
31 FINANCIAL STANDARDS AND ACCREDITATION PROGRAM AS QUALIFIED JURISDICTIONS.

32 4. HAVE THE DISCRETION TO SUSPEND THE REINSURER'S CERTIFICATION
33 INDEFINITELY, IN LIEU OF REVOCATION, IF A CERTIFIED REINSURER'S DOMICILIARY
34 JURISDICTION CEASES TO BE A QUALIFIED JURISDICTION.

35 5. ASSIGN A RATING TO EACH CERTIFIED REINSURER, GIVING DUE
36 CONSIDERATION TO THE FINANCIAL STRENGTH RATINGS THAT HAVE BEEN ASSIGNED BY
37 RATING AGENCIES DEEMED ACCEPTABLE TO THE DIRECTOR BY RULE AND PUBLISH A LIST
38 OF ALL CERTIFIED REINSURERS AND THEIR RATINGS.

39 H. A CERTIFIED REINSURER SHALL SECURE OBLIGATIONS ASSUMED FROM UNITED
40 STATES CEDING INSURERS UNDER SUBSECTION F OF THIS SECTION AT A LEVEL
41 CONSISTENT WITH ITS RATING, AS SPECIFIED BY RULE. THE FOLLOWING PROVISIONS
42 APPLY TO CERTIFIED REINSURERS:

43 1. IN ORDER FOR A DOMESTIC CEDING INSURER TO QUALIFY FOR FULL
44 FINANCIAL STATEMENT CREDIT FOR REINSURANCE CEDED TO A CERTIFIED REINSURER,
45 THE CERTIFIED REINSURER SHALL MAINTAIN SECURITY IN A FORM ACCEPTABLE TO THE

1 DIRECTOR AND CONSISTENT WITH THE PROVISIONS OF SECTION 20-261.06 OR IN A
2 MULTIBENEFICIARY TRUST IN ACCORDANCE WITH SUBSECTION E OF THIS SECTION,
3 EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION AND SUBSECTIONS F AND G OF
4 THIS SECTION.

5 2. IF A CERTIFIED REINSURER MAINTAINS A TRUST TO FULLY SECURE ITS
6 OBLIGATIONS SUBJECT TO SUBSECTION E OF THIS SECTION, AND CHOOSES TO SECURE
7 ITS OBLIGATIONS INCURRED AS A CERTIFIED REINSURER IN THE FORM OF A
8 MULTIBENEFICIARY TRUST, THE CERTIFIED REINSURER SHALL MAINTAIN SEPARATE TRUST
9 ACCOUNTS FOR ITS OBLIGATIONS INCURRED UNDER REINSURANCE AGREEMENTS ISSUED OR
10 RENEWED AS A CERTIFIED REINSURER WITH REDUCED SECURITY AS ALLOWED BY
11 SUBSECTION F OF THIS SECTION OR COMPARABLE LAWS OF OTHER UNITED STATES
12 JURISDICTIONS AND FOR ITS OBLIGATIONS SUBJECT TO SUBSECTION E OF THIS
13 SECTION. IT SHALL BE A CONDITION TO THE GRANT OF CERTIFICATION UNDER
14 SUBSECTION F OF THIS SECTION THAT THE CERTIFIED REINSURER SHALL HAVE BOUND
15 ITSELF, BY THE LANGUAGE OF THE TRUST AND AGREEMENT WITH THE DIRECTOR WITH
16 PRINCIPAL REGULATORY OVERSIGHT OF EACH SUCH TRUST ACCOUNT, TO FUND, ON
17 TERMINATION OF ANY SUCH TRUST ACCOUNT, OUT OF THE REMAINING SURPLUS OF SUCH
18 TRUST ANY DEFICIENCY OF ANY OTHER SUCH TRUST ACCOUNT.

19 3. THE MINIMUM TRUSTEED SURPLUS REQUIREMENTS PROVIDED IN SUBSECTION E
20 OF THIS SECTION ARE NOT APPLICABLE WITH RESPECT TO A MULTIBENEFICIARY TRUST
21 MAINTAINED BY A CERTIFIED REINSURER FOR THE PURPOSE OF SECURING OBLIGATIONS
22 INCURRED UNDER THIS SUBSECTION, EXCEPT THAT SUCH TRUST SHALL MAINTAIN A
23 MINIMUM TRUSTEED SURPLUS OF TEN MILLION DOLLARS.

24 4. WITH RESPECT TO OBLIGATIONS INCURRED BY A CERTIFIED REINSURER UNDER
25 THIS SUBSECTION AND SUBSECTIONS F AND G OF THIS SECTION, IF THE SECURITY IS
26 INSUFFICIENT, THE DIRECTOR SHALL REDUCE THE ALLOWABLE CREDIT BY AN AMOUNT
27 PROPORTIONATE TO THE DEFICIENCY, AND MAY IMPOSE FURTHER REDUCTIONS IN
28 ALLOWABLE CREDIT ON FINDING THAT THERE IS A MATERIAL RISK THAT THE CERTIFIED
29 REINSURER'S OBLIGATIONS WILL NOT BE PAID IN FULL WHEN DUE.

30 5. FOR THE PURPOSES OF THIS SUBSECTION AND SUBSECTIONS F AND G OF THIS
31 SECTION:

32 (a) A CERTIFIED REINSURER WHOSE CERTIFICATION HAS BEEN TERMINATED FOR
33 ANY REASON SHALL BE TREATED AS A CERTIFIED REINSURER REQUIRED TO SECURE ONE
34 HUNDRED PERCENT OF ITS OBLIGATIONS.

35 (b) "TERMINATED" MEANS REVOCATION, SUSPENSION, VOLUNTARY SURRENDER OR
36 INACTIVE STATUS.

37 6. IF THE DIRECTOR CONTINUES TO ASSIGN A HIGHER RATING AS PERMITTED BY
38 OTHER PROVISIONS OF THIS SECTION, THE REQUIREMENT PRESCRIBED IN PARAGRAPH 5,
39 SUBDIVISION (a) OF THIS SUBSECTION DOES NOT APPLY TO A CERTIFIED REINSURER IN
40 INACTIVE STATUS OR TO A REINSURER WHOSE CERTIFICATION HAS BEEN SUSPENDED.

41 7. IF AN APPLICANT FOR CERTIFICATION HAS BEEN CERTIFIED AS A REINSURER
42 IN A NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS ACCREDITED JURISDICTION,
43 THE DIRECTOR MAY DEFER TO THAT JURISDICTION'S CERTIFICATION AND MAY DEFER TO
44 THE RATING ASSIGNED BY THAT JURISDICTION, AND SUCH ASSUMING INSURER SHALL BE
45 CONSIDERED TO BE A CERTIFIED REINSURER IN THIS STATE.

1 8. TO CONTINUE TO QUALIFY FOR A REDUCTION IN SECURITY FOR ITS IN-FORCE
2 BUSINESS, A CERTIFIED REINSURER THAT CEASES TO ASSUME NEW BUSINESS IN THIS
3 STATE MAY REQUEST TO MAINTAIN ITS CERTIFICATION IN INACTIVE STATUS. AN
4 INACTIVE CERTIFIED REINSURER SHALL CONTINUE TO COMPLY WITH ALL APPLICABLE
5 REQUIREMENTS OF THIS SUBSECTION AND SUBSECTIONS F AND G OF THIS SECTION, AND
6 THE DIRECTOR SHALL ASSIGN A RATING THAT TAKES INTO ACCOUNT, IF RELEVANT, THE
7 REASONS WHY THE REINSURER IS NOT ASSUMING NEW BUSINESS.

8 I. CREDIT SHALL BE ALLOWED WHEN THE REINSURANCE IS CEDED TO AN
9 ASSUMING INSURER THAT DOES NOT MEET THE REQUIREMENTS OF THIS SUBSECTION OR
10 SUBSECTION B, C, D, E, F OR G OF THIS SECTION, BUT ONLY AS TO THE INSURANCE
11 OF RISKS LOCATED IN JURISDICTIONS WHERE THE REINSURANCE IS REQUIRED BY
12 APPLICABLE LAW OR REGULATION OF THAT JURISDICTION.

13 J. IF AN ASSUMING INSURER IS NOT LICENSED, ACCREDITED OR CERTIFIED TO
14 TRANSACT INSURANCE OR REINSURANCE IN THIS STATE, THE CREDIT OTHERWISE ALLOWED
15 BY SUBSECTION D OR E OF THIS SECTION SHALL NOT BE ALLOWED UNLESS THE ASSUMING
16 INSURER AGREES IN THE REINSURANCE AGREEMENTS TO ALL OF THE FOLLOWING:

17 1. IF THE ASSUMING INSURER FAILS TO PERFORM ITS OBLIGATIONS UNDER THE
18 TERMS OF THE REINSURANCE AGREEMENT, TO SUBMIT, AT THE REQUEST OF THE CEDING
19 INSURER, TO THE JURISDICTION OF ANY COURT OF COMPETENT JURISDICTION IN ANY
20 STATE OF THE UNITED STATES, TO COMPLY WITH ALL REQUIREMENTS NECESSARY TO GIVE
21 THE COURT JURISDICTION AND TO ABIDE BY THE FINAL DECISION OF THE COURT OR OF
22 ANY APPELLATE COURT IN THE EVENT OF AN APPEAL.

23 2. TO DESIGNATE THE DIRECTOR OR A DESIGNATED ATTORNEY AS ITS TRUE AND
24 LAWFUL ATTORNEY UPON WHOM MAY BE SERVED ANY LAWFUL PROCESS IN ANY ACTION,
25 SUIT OR PROCEEDING INSTITUTED BY OR ON BEHALF OF THE CEDING INSURER.

26 K. SUBSECTION J OF THIS SECTION IS NOT INTENDED TO CONFLICT WITH OR
27 OVERRIDE THE OBLIGATION OF THE PARTIES TO A REINSURANCE AGREEMENT TO
28 ARBITRATE THEIR DISPUTES, IF THIS OBLIGATION IS CREATED IN THE AGREEMENT.

29 L. IF THE ASSUMING INSURER DOES NOT MEET THE REQUIREMENTS OF
30 SUBSECTION B, C OR D OF THIS SECTION, THE CREDIT OTHERWISE ALLOWED BY
31 SUBSECTION E, F, G OR H OF THIS SECTION SHALL NOT BE ALLOWED UNLESS THE
32 ASSUMING INSURER AGREES IN THE TRUST AGREEMENTS TO THE FOLLOWING CONDITIONS:

33 1. NOTWITHSTANDING ANY OTHER PROVISION IN THE TRUST AGREEMENT, IF THE
34 TRUST FUND IS INADEQUATE BECAUSE IT CONTAINS AN AMOUNT LESS THAN THE AMOUNT
35 REQUIRED BY SUBSECTION E, PARAGRAPH 4, 5 OR 6 OF THIS SECTION, OR IF THE
36 GRANTOR OF THE TRUST HAS BEEN DECLARED INSOLVENT OR PLACED INTO RECEIVERSHIP,
37 REHABILITATION, LIQUIDATION OR SIMILAR PROCEEDINGS UNDER THE LAWS OF ITS
38 STATE OR COUNTRY OF DOMICILE, THE TRUSTEE SHALL COMPLY WITH AN ORDER OF THE
39 DIRECTOR WITH REGULATORY OVERSIGHT OVER THE TRUST OR WITH AN ORDER OF A COURT
40 OF COMPETENT JURISDICTION DIRECTING THE TRUSTEE TO TRANSFER TO THE DIRECTOR
41 WITH REGULATORY OVERSIGHT ALL ASSETS OF THE TRUST FUND.

42 2. THE ASSETS SHALL BE DISTRIBUTED BY AND CLAIMS SHALL BE FILED WITH
43 AND VALUED BY THE DIRECTOR WITH REGULATORY OVERSIGHT IN ACCORDANCE WITH THE
44 LAWS OF THE STATE IN WHICH THE TRUST IS DOMICILED THAT ARE APPLICABLE TO THE
45 LIQUIDATION OF DOMESTIC INSURANCE COMPANIES.

1 3. IF THE DIRECTOR WITH REGULATORY OVERSIGHT DETERMINES THAT THE
2 ASSETS OF THE TRUST FUND OR ANY PART THEREOF ARE NOT NECESSARY TO SATISFY THE
3 CLAIMS OF THE UNITED STATES CEDING INSURERS OF THE GRANTOR OF THE TRUST, THE
4 DIRECTOR WITH REGULATORY OVERSIGHT SHALL RETURN THE ASSETS OR PART THEREOF TO
5 THE TRUSTEE FOR DISTRIBUTION IN ACCORDANCE WITH THE TRUST AGREEMENT.

6 4. THE GRANTOR SHALL WAIVE ANY RIGHT OTHERWISE AVAILABLE TO IT UNDER
7 UNITED STATES LAW THAT IS INCONSISTENT WITH SUBSECTION H OF THIS SECTION.

8 M. IF AN ACCREDITED OR CERTIFIED REINSURER CEASES TO MEET THE
9 REQUIREMENTS FOR ACCREDITATION OR CERTIFICATION, THE DIRECTOR MAY SUSPEND OR
10 REVOKE THE REINSURER'S ACCREDITATION OR CERTIFICATION, SUBJECT TO THE
11 FOLLOWING PROVISIONS:

12 1. THE DIRECTOR SHALL GIVE THE REINSURER NOTICE AND AN OPPORTUNITY FOR
13 A HEARING. THE SUSPENSION OR REVOCATION MAY NOT TAKE EFFECT UNTIL AFTER THE
14 DIRECTOR'S ORDER ON HEARING, UNLESS ONE OF THE FOLLOWING APPLIES:

15 (a) THE REINSURER WAIVES ITS RIGHT TO A HEARING.

16 (b) THE DIRECTOR'S ORDER IS BASED ON REGULATORY ACTION BY THE
17 REINSURER'S DOMICILIARY JURISDICTION OR THE VOLUNTARY SURRENDER OR
18 TERMINATION OF THE REINSURER'S ELIGIBILITY TO TRANSACT INSURANCE OR
19 REINSURANCE BUSINESS IN ITS DOMICILIARY JURISDICTION OR IN THE PRIMARY
20 CERTIFYING STATE OF THE REINSURANCE UNDER SUBSECTION H, PARAGRAPH 7 OF THIS
21 SECTION.

22 (c) THE DIRECTOR FINDS THAT AN EMERGENCY REQUIRES IMMEDIATE ACTION AND
23 A COURT OF COMPETENT JURISDICTION HAS NOT YET STAYED THE DIRECTOR'S ACTION.

24 2. WHILE A REINSURER'S ACCREDITATION OR CERTIFICATION IS SUSPENDED, NO
25 REINSURANCE CONTRACT ISSUED OR RENEWED AFTER THE EFFECTIVE DATE OF THE
26 SUSPENSION QUALIFIES FOR CREDIT EXCEPT TO THE EXTENT THAT THE REINSURER'S
27 OBLIGATIONS UNDER THE CONTRACT ARE SECURED PURSUANT TO SECTION 20-261.06. IF
28 A REINSURER'S ACCREDITATION OR CERTIFICATION IS REVOKED, NO CREDIT FOR
29 REINSURANCE MAY BE GRANTED AFTER THE EFFECTIVE DATE OF THE REVOCATION EXCEPT
30 TO THE EXTENT THAT THE REINSURER'S OBLIGATIONS UNDER THE CONTRACT ARE SECURED
31 PURSUANT TO SUBSECTION H, PARAGRAPH 6 OF THIS SECTION OR SECTION 20-261.06.

32 N. WITH REGARD TO A CEDING INSURER'S CONCENTRATION RISK:

33 1. A CEDING INSURER SHALL TAKE STEPS TO MANAGE ITS REINSURANCE
34 RECOVERABLES PROPORTIONATE TO ITS OWN BOOK OF BUSINESS. A DOMESTIC CEDING
35 INSURER SHALL NOTIFY THE DIRECTOR WITHIN THIRTY DAYS AFTER REINSURANCE
36 RECOVERABLES FROM ANY SINGLE ASSUMING INSURER, OR GROUP OF AFFILIATED
37 ASSUMING INSURERS, EXCEED FIFTY PERCENT OF THE DOMESTIC CEDING INSURER'S LAST
38 REPORTED SURPLUS TO POLICYHOLDERS, OR AFTER IT IS DETERMINED THAT REINSURANCE
39 RECOVERABLES FROM ANY SINGLE ASSUMING INSURER, OR GROUP OF AFFILIATED
40 ASSUMING INSURERS, ARE LIKELY TO EXCEED THIS LIMIT. THE NOTIFICATION SHALL
41 DEMONSTRATE THAT THE EXPOSURE IS SAFELY MANAGED BY THE DOMESTIC CEDING
42 INSURER.

43 2. A CEDING INSURER SHALL TAKE STEPS TO DIVERSIFY ITS REINSURANCE
44 PROGRAM. A DOMESTIC CEDING INSURER SHALL NOTIFY THE DIRECTOR WITHIN THIRTY
45 DAYS AFTER CEDING TO ANY SINGLE ASSUMING INSURER, OR GROUP OF AFFILIATED

1 INSURERS, MORE THAN TWENTY PERCENT OF THE CEDING INSURER'S GROSS WRITTEN
2 PREMIUM IN THE PRIOR CALENDAR YEAR, OR AFTER IT HAS DETERMINED THAT THE
3 REINSURANCE CEDED TO ANY SINGLE ASSUMING INSURER, OR GROUP OF AFFILIATED
4 ASSUMING INSURERS, IS LIKELY TO EXCEED THIS LIMIT. THE NOTIFICATION SHALL
5 DEMONSTRATE THAT THE EXPOSURE IS SAFELY MANAGED BY THE DOMESTIC CEDING
6 INSURER.

7 20-261.06. Asset or reduction from liability for reinsurance
8 ceded by a domestic insurer to an assuming insurer

9 A. AN ASSET OR A REDUCTION FROM LIABILITY FOR THE REINSURANCE CEDED BY
10 A DOMESTIC INSURER TO AN ASSUMING INSURER THAT IS NOT MEETING THE
11 REQUIREMENTS OF SECTION 20-261.05 SHALL BE ALLOWED IN AN AMOUNT NOT EXCEEDING
12 THE LIABILITIES CARRIED BY THE CEDING INSURER. THE REDUCTION SHALL BE IN THE
13 AMOUNT OF FUNDS HELD BY OR ON BEHALF OF THE CEDING INSURER, INCLUDING FUNDS
14 HELD IN TRUST FOR THE CEDING INSURER, UNDER A REINSURANCE CONTRACT WITH THE
15 ASSUMING INSURER AS SECURITY FOR THE PAYMENT OF OBLIGATIONS THEREUNDER, IF
16 THE SECURITY IS HELD IN THE UNITED STATES SUBJECT TO WITHDRAWAL SOLELY BY,
17 AND UNDER THE EXCLUSIVE CONTROL OF, THE CEDING INSURER, OR IN THE CASE OF A
18 TRUST, HELD IN A QUALIFIED UNITED STATES FINANCIAL INSTITUTION, AS DEFINED IN
19 SECTION 20-261.03, SUBSECTION B.

20 B. THE SECURITY REQUIRED UNDER SUBSECTION A OF THIS SECTION MAY BE IN
21 THE FORM OF:

22 1. CASH.

23 2. SECURITIES LISTED BY THE SECURITIES VALUATION OFFICE OF THE
24 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, INCLUDING THOSE DEEMED
25 EXEMPT FROM FILING AS DEFINED BY THE PURPOSES AND PROCEDURES MANUAL OF THE
26 SECURITIES VALUATION OFFICE, AND QUALIFYING AS ADMITTED ASSETS.

27 3. CLEAN, IRREVOCABLE, UNCONDITIONAL LETTERS OF CREDIT, ISSUED OR
28 CONFIRMED BY A QUALIFIED UNITED STATES FINANCIAL INSTITUTION, AS DEFINED IN
29 SECTION 20-261.03, SUBSECTION A, EFFECTIVE NO LATER THAN DECEMBER 31 OF THE
30 YEAR FOR WHICH THE FILING IS BEING MADE, AND IN THE POSSESSION OF, OR IN
31 TRUST FOR, THE CEDING INSURER ON OR BEFORE THE FILING DATE OF ITS ANNUAL
32 STATEMENT.

33 4. LETTERS OF CREDIT THAT MEET APPLICABLE STANDARDS OF ISSUER
34 ACCEPTABILITY AS OF THE DATES OF THEIR ISSUANCE OR CONFIRMATION AND THAT,
35 NOTWITHSTANDING THE ISSUING OR CONFIRMING INSTITUTION'S SUBSEQUENT FAILURE TO
36 MEET APPLICABLE STANDARDS OF ISSUER ACCEPTABILITY, SHALL CONTINUE TO BE
37 ACCEPTABLE AS SECURITY UNTIL THEIR EXPIRATION, EXTENSION, RENEWAL,
38 MODIFICATION OR AMENDMENT, WHICHEVER FIRST OCCURS.

39 5. ANY OTHER FORM OF SECURITY ACCEPTABLE TO THE DIRECTOR.

40 20-261.07. Reinsurance agreements affected

41 NOTWITHSTANDING SECTION 20-261.04, SECTIONS 20-261.03, 20-261.05 AND
42 20-261.06 APPLY TO ALL CESSIONS AFTER THE EFFECTIVE DATE OF THIS SECTION
43 UNDER REINSURANCE AGREEMENTS THAT HAVE AN INCEPTION, ANNIVERSARY OR RENEWAL
44 DATE THAT IS NOT LESS THAN SIX MONTHS AFTER THE EFFECTIVE DATE OF THIS
45 SECTION.

1 20-261.08. Rules

2 THE DIRECTOR MAY ADOPT RULES PURSUANT TO TITLE 41, CHAPTER 6 TO
3 IMPLEMENT SECTIONS 20-261.03, 20-261.05, 20-261.06 AND 20-261.07 RELATING TO
4 CREDIT FOR REINSURANCE.

5 Sec. 3. Rulemaking; exemption

6 For the purposes of implementing this act, including rules identifying
7 the requirements for a jurisdiction to be considered a qualified jurisdiction
8 by the director of the department of insurance, the department of insurance
9 is exempt from the rulemaking requirements of title 41, chapter 6, Arizona
10 Revised Statutes, for two years after the effective date of this act.

APPROVED BY THE GOVERNOR MARCH 30, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 31, 2015.

Passed the House February 26, 20 15

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting



Speaker of the House

Pro Tempore

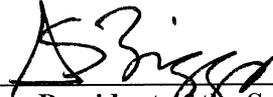


Chief Clerk of the House

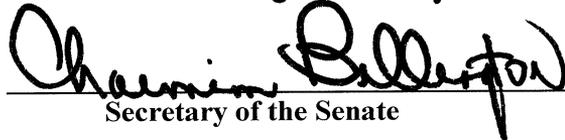
Passed the Senate March 23, 20 15

by the following vote: 28 Ayes,

0 Nays, 2 Not Voting



President of the Senate



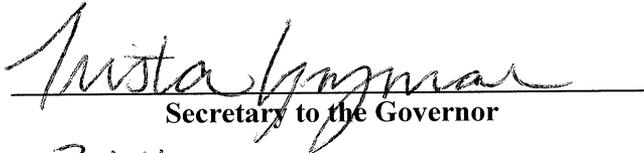
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

24th day of March, 20 15

at 12:10 o'clock P. M.

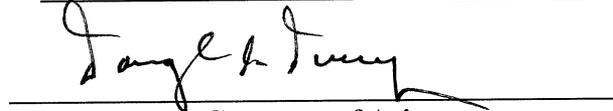


Secretary to the Governor

Approved this 30th day of

March

at 1:00 o'clock P. M.



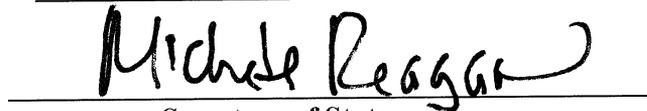
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 31st day of March, 20

at 10:00 o'clock A M.



Secretary of State

H.B. 2352