

Senate Engrossed House Bill

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

FILED
MICHELE REAGAN
SECRETARY OF STATE

CHAPTER 65

HOUSE BILL 2238

AN ACT

AMENDING TITLE 20, CHAPTER 6, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 18;
RELATING TO IDENTITY THEFT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 20, chapter 6, Arizona Revised Statutes, is amended
3 by adding article 18, to read:

4 ARTICLE 18. IDENTITY THEFT GROUP INSURANCE POLICIES

5 20-1694. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "CERTIFICATE HOLDER" MEANS THE INDIVIDUAL INSURED GROUP MEMBER.

8 2. "CONDITIONAL RENEWAL" MEANS A RENEWAL THAT IS CONDITIONED ON CHANGE
9 OF LIMITS, CHANGE IN TYPE OF COVERAGE, REDUCTION OR ELIMINATION OF COVERAGE,
10 INCREASED DEDUCTIBLES OR ADDITION OF EXCLUSIONS OR INCREASED PREMIUMS IN
11 EXCESS OF TEN PERCENT, EXCEPT FOR PREMIUM INCREASES THAT ARE GENERATED AS A
12 RESULT OF INCREASED EXPOSURE UNITS OR AS A RESULT OF EXPERIENCE RATING, LOSS
13 RATING, RETROSPECTIVE RATING OR AUDIT.

14 3. "GROUP POLICYHOLDER" MEANS THOSE GROUPS DESCRIBED IN SECTION
15 20-1694.01, SUBSECTION C TO WHICH AN IDENTITY THEFT GROUP INSURANCE POLICY
16 MAY BE ISSUED.

17 4. "IDENTITY THEFT GROUP INSURANCE" MEANS A FORM OF IDENTITY THEFT
18 INSURANCE COVERING GROUPS OF PERSONS AS PRESCRIBED IN THIS ARTICLE.

19 5. "IDENTITY THEFT INSURANCE" MEANS INSURANCE AGAINST LOSSES AND
20 EXPENSES RESULTING FROM A STOLEN IDENTITY EVENT.

21 6. "STOLEN IDENTITY EVENT" INCLUDES THE THEFT, ACCIDENTAL RELEASE,
22 PUBLICATION OR MISAPPROPRIATION OF INFORMATION RELATED TO AN INDIVIDUAL'S
23 PERSONAL IDENTIFICATION OR SOCIAL SECURITY NUMBER OR OTHER METHOD OF
24 IDENTIFYING THE INDIVIDUAL THAT RESULTS IN OR COULD REASONABLY RESULT IN THE
25 WRONGFUL USE OF THE INFORMATION.

26 20-1694.01. Identity theft group insurance; eligible groups

27 A. AN AUTHORIZED INSURER OR, SUBJECT TO CHAPTER 2, ARTICLE 5 OF THIS
28 TITLE, AN UNAUTHORIZED INSURER MAY ISSUE AN IDENTITY THEFT GROUP INSURANCE
29 POLICY IN THIS STATE. IF AN AUTHORIZED INSURER ISSUES AN IDENTITY THEFT
30 GROUP INSURANCE POLICY IN THIS STATE, THE INSURER SHALL FILE WITH THE
31 DEPARTMENT PURSUANT TO SECTION 20-398 THE POLICY TO BE ISSUED TO THE GROUP
32 POLICYHOLDER AND THE CERTIFICATE TO BE ISSUED TO INDIVIDUAL GROUP MEMBERS.
33 THE CONTENTS OF ANY CERTIFICATE THAT IS FILED SHALL BE CONSISTENT WITH THE
34 TERMS OF THE IDENTITY THEFT GROUP INSURANCE POLICY PURSUANT TO WHICH SUCH
35 CERTIFICATE IS ISSUED.

36 B. AN INSURER MAY ISSUE OR DELIVER AN IDENTITY THEFT GROUP INSURANCE
37 POLICY IN THIS STATE ONLY PURSUANT TO THIS ARTICLE. THE POLICY SHALL COVER
38 LOSSES AND EXPENSES INCURRED BY THE CERTIFICATE HOLDER BECAUSE OF A STOLEN
39 IDENTITY EVENT.

40 C. AN INSURER MAY ISSUE AN IDENTITY THEFT GROUP INSURANCE POLICY TO
41 EITHER OF THE FOLLOWING:

42 1. A BUSINESS THAT SELLS SERVICES OR PRODUCTS THAT ARE DESIGNED TO
43 PREVENT OR TO MINIMIZE THE EFFECTS OF A STOLEN IDENTITY EVENT, IF THE POLICY
44 INSURES THE PERSONS WHO PURCHASE THE SERVICES OR PRODUCTS OF THE BUSINESS AND
45 THE BUSINESS IS THE POLICYHOLDER.

1 2. AN ENTITY FOR WHICH THE DIRECTOR DETERMINES BY RULE THAT THE
2 MEMBERS ARE ENGAGED IN A COMMON ENTERPRISE OR HAVE AN ECONOMIC OR SOCIAL
3 AFFINITY OR RELATIONSHIP AND THAT THE ISSUANCE OF THE POLICY WOULD NOT BE
4 CONTRARY TO THE BEST INTERESTS OF THE PUBLIC.

5 D. THE GROUPS LISTED IN SUBSECTION C OF THIS SECTION SHALL CONSIST OF
6 ONLY NATURAL PERSONS AND MAY INCLUDE A MEMBER OF A GROUP MEMBER'S IMMEDIATE
7 FAMILY OR HOUSEHOLD.

8 E. AN INSURER SHALL TREAT ALL ELIGIBLE GROUPS OF THE SAME CLASS IN A
9 LIKE MANNER.

10 20-1694.02. Identity theft group insurance policy; premiums;
11 cancellation; requirements

12 A. THE GROUP POLICYHOLDER MAY PAY THE PREMIUM FOR AN IDENTITY THEFT
13 GROUP INSURANCE POLICY FROM MONIES CONTRIBUTED WHOLLY BY THE GROUP
14 POLICYHOLDER, WHOLLY BY THE GROUP MEMBERS OR JOINTLY BY THE GROUP
15 POLICYHOLDER AND THE GROUP MEMBERS.

16 B. THE FOLLOWING REQUIREMENTS APPLY TO THE CANCELLATION, NONRENEWAL OR
17 CONDITIONAL RENEWAL OF COVERAGE UNDER AN IDENTITY THEFT GROUP INSURANCE
18 POLICY:

19 1. THE POLICY SHALL BE ISSUED OR RENEWED FOR A ONE-YEAR POLICY PERIOD
20 UNLESS THE POLICY PROVIDES FOR A LONGER POLICY PERIOD.

21 2. EXCEPT AS PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, AN INSURER
22 MAY CANCEL THE POLICY OR ANY CERTIFICATE ISSUED UNDER THE POLICY ONLY IF THE
23 CANCELLATION IS BASED ON ONE OR MORE OF THE FOLLOWING:

24 (a) THE NONPAYMENT OF PREMIUM IF THE NOTICE OF CANCELLATION INFORMS
25 THE GROUP POLICYHOLDER OF THE AMOUNT DUE.

26 (b) THE CONVICTION OF A CRIMINAL OFFENSE ARISING OUT OF ACTS
27 INCREASING THE HAZARD INSURED AGAINST.

28 (c) THE DISCOVERY OF FRAUD OR MATERIAL MISREPRESENTATION IN OBTAINING
29 THE POLICY OR IN THE PRESENTATION OF A CLAIM UNDER THE POLICY.

30 (d) AFTER THE POLICY IS ISSUED OR AFTER THE LAST RENEWAL DATE, THE
31 DISCOVERY OF AN ACT OR OMISSION OR A VIOLATION OF ANY POLICY CONDITION THAT
32 SUBSTANTIALLY AND MATERIALLY INCREASES THE HAZARD INSURED AGAINST AND THAT
33 OCCURRED SUBSEQUENT TO THE INCEPTION OF THE CURRENT POLICY PERIOD.

34 (e) A MATERIAL CHANGE IN THE NATURE OR EXTENT OF THE RISK THAT
35 OCCURRED AFTER THE ISSUANCE OR LAST ANNUAL RENEWAL ANNIVERSARY DATE OF THE
36 POLICY THAT CAUSES THE RISK OF LOSS TO BE SUBSTANTIALLY AND MATERIALLY
37 INCREASED BEYOND WHAT WAS CONTEMPLATED AT THE TIME THE POLICY WAS ISSUED OR
38 LAST RENEWED.

39 (f) A DETERMINATION BY THE DIRECTOR THAT CONTINUATION OF THE PRESENT
40 PREMIUM VOLUME OF THE INSURER WOULD JEOPARDIZE THAT INSURER'S SOLVENCY OR BE
41 HAZARDOUS TO THE INTERESTS OF THE POLICYHOLDERS OF THE INSURER, ITS CREDITORS
42 OR THE PUBLIC.

43 3. AN INDIVIDUAL GROUP MEMBER'S COVERAGE UNDER THIS ARTICLE TERMINATES
44 ON TERMINATION OF THE MEMBER'S AFFILIATION WITH THE GROUP POLICYHOLDER THAT
45 CONSTITUTES MEMBERSHIP IN THE GROUP.

1 4. AN ACT OR OMISSION BY A GROUP MEMBER DOES NOT CONSTITUTE THE BASIS
2 FOR CANCELLATION OF THE GROUP POLICY.

3 5. AN INSURER'S CANCELLATION, NONRENEWAL OR CONDITIONAL RENEWAL OF A
4 GROUP POLICY OR ANY CERTIFICATE ISSUED UNDER THE POLICY SHALL SET FORTH THE
5 SPECIFIC REASONS FOR CANCELLATION, NONRENEWAL OR CONDITIONAL RENEWAL AND DOES
6 NOT BECOME EFFECTIVE UNTIL AT LEAST FORTY-FIVE DAYS, OR TWENTY DAYS IF BASED
7 ON NONPAYMENT OF PREMIUM, AFTER THE INSURER MAILS OR DELIVERS WRITTEN NOTICE
8 OF THE CANCELLATION, NONRENEWAL OR CONDITIONAL RENEWAL TO THE GROUP
9 POLICYHOLDER AT THE MAILING ADDRESS SHOWN IN THE POLICY AND TO AFFECTED
10 CERTIFICATE HOLDERS AT EACH CERTIFICATE HOLDER'S LAST KNOWN MAILING ADDRESS.
11 IF AUTHORIZED BY THE INSURER, THE GROUP POLICYHOLDER MAY MAIL OR DELIVER THE
12 NOTICE TO THE CERTIFICATE HOLDER ON BEHALF OF THE INSURER.

13 C. A GROUP POLICYHOLDER MAY CANCEL THE GROUP POLICY FOR ANY REASON ON
14 THIRTY DAYS' WRITTEN NOTICE TO THE INSURER AND EACH AFFECTED GROUP MEMBER. A
15 GROUP POLICYHOLDER IS NOT REQUIRED TO GIVE NOTICE TO A GROUP MEMBER IF
16 SUBSTANTIALLY SIMILAR COVERAGE HAS BEEN OBTAINED FROM ANOTHER INSURER WITHOUT
17 A LAPSE OF COVERAGE.

18 D. IF A GROUP MEMBER SUSTAINS A LOSS PURSUANT TO A STOLEN IDENTITY
19 EVENT THAT OCCURS BEFORE THE EFFECTIVE DATE OF THE CANCELLATION, NONRENEWAL
20 OR CONDITIONAL RENEWAL OF A GROUP POLICY OR THE CANCELLATION, NONRENEWAL,
21 CONDITIONAL RENEWAL OR TERMINATION OF A CERTIFICATE, WHETHER INITIATED BY THE
22 INSURER, GROUP POLICYHOLDER OR GROUP MEMBER, THE LOSS REMAINS COVERED AS
23 PROVIDED UNDER THE POLICY NOTWITHSTANDING THE CANCELLATION, NONRENEWAL,
24 CONDITIONAL RENEWAL OR TERMINATION.

25 Sec. 2. Department of insurance; rulemaking exemption

26 The director of the department of insurance may adopt rules necessary
27 to implement this act. For the purposes of this act, the department of
28 insurance is exempt from the rulemaking requirements of title 41, chapter 6,
29 Arizona Revised Statutes, for one year after the effective date of this act.

APPROVED BY THE GOVERNOR MARCH 24, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 24, 2016.

Passed the House February 4, 20 16

Passed the Senate March 17, 20 14

by the following vote: 47 Ayes,

by the following vote: 30 Ayes,

10 Nays, 3 Not Voting

0 Nays, 0 Not Voting



Speaker of the House



President of the Senate

Pro Tempore


Chief Clerk of the House



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

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

March 23, 2016,

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting



Speaker of the House

Pro Tempore

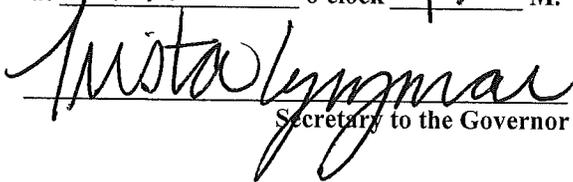
Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

23rd day of March, 2016,

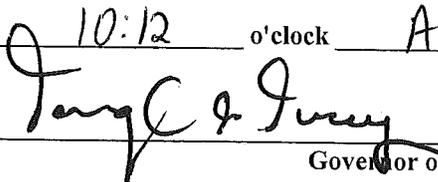
at 1:11 o'clock P. M.


Secretary to the Governor

Approved this 24th day of

March, 2016,

at 10:12 o'clock A M.


Governor of Arizona

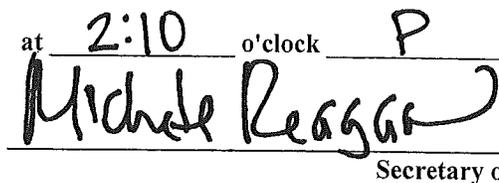
H.B. 2238

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 24 day of March, 2016,

at 2:10 o'clock P M.


Secretary of State