



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

March 22, 2019

The Honorable Katie Hobbs
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on March 22nd, 2019:

SB 1004 insurance; surplus lines; reports; payments (Livingston)
SB 1006 internationally active insurance groups; supervision (Livingston)
SB 1008 insurance; prohibited inducements; exceptions (Livingston)
SB 1021 commission for postsecondary education; continuation (S. Allen)
SB 1052 certificates of title; applications (Livingston)
SB 1072 early voting centers; identification required (Ugenti-Rita)
SB 1093 prisoner accounts; use; ADOT credentialing. (Livingston)
SB 1113 insurance; information practices (Livingston)
SB 1212 prepaid legal insurance contracts; definition (Livingston)
SB 1218 beneficiary deeds; separate property; nonlapse (Leach)
SB 1309 renewal of judgments; applicability (E. Farnsworth)
SB 1317 bodily fluids exposure; testing (Boyer)
SB 1333 real estate appraisal (Mesnard)
SB 1474 POW/MIA flag; display (Contreras)
HB 2004 nuclear management fund; appropriation; assessment (Kavanagh)
HB 2007 ASRS; political subdivision plans; adjustments (Kavanagh)
HB 2009 navigable stream adjudication commission; extension (Griffin)
HB 2023 political signs; ballot measures; tampering (Kavanagh)
HB 2112 community property award; convicted spouse (Griffin)
HB 2230 writ of garnishment; certified mail (J. Allen)
HB 2284 credit unions; declaration of purpose (Weninger)
HB 2363 tax lien sales; procedures (Toma)
HB 2421 animal cruelty; working animal; harassment (Blackman)
HB 2463 occupational regulations; licenses; communications; notice (Petersen)

HB2464 water infrastructure finance; municipal approval (Shope)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive style with a large initial 'D' and a distinct 'A'.

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed
FILED
KATIE HOBBS
SECRETARY OF STATE

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

CHAPTER 12
SENATE BILL 1008

AN ACT

AMENDING SECTIONS 20-450, 20-451 AND 20-452, ARIZONA REVISED STATUTES;
RELATING TO INSURANCE BUSINESS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-450, Arizona Revised Statutes, is amended to
3 read:

4 20-450. Practices not prohibited as discrimination or rebates
5 in life and disability insurance; wellness programs

6 A. ~~Nothing in~~ Section 20-448 or 20-449 ~~shall be construed as~~
7 ~~including~~ DOES NOT INCLUDE within the definition of discrimination or
8 rebates any of the following practices:

9 1. In the case of any contract of life insurance or life annuity,
10 paying bonuses to policyholders or otherwise abating their premiums in
11 whole or part out of surplus accumulated from nonparticipating insurance,
12 but any such bonuses or abatement of premiums shall be fair and equitable
13 to policyholders and for the best interests of the insurer and its
14 policyholders.

15 2. In the case of life insurance policies issued on the industrial
16 debit plan, making allowance to policyholders who have continuously for a
17 specified period made premium payments directly to an office of the
18 insurer in an amount ~~which~~ THAT fairly represents the saving in collection
19 expense.

20 3. Readjustment of the rate of premium for a group insurance policy
21 based on the loss or expense experience thereunder, at the end of the
22 first or any subsequent policy year of insurance thereunder, which may be
23 made retroactive only for ~~such~~ THAT policy year.

24 4. Issuing life or disability policies on a salary savings or
25 payroll deduction plan at a reduced rate commensurate with the savings
26 made by the use of ~~such~~ THE plan.

27 B. ~~Section~~ SECTIONS 20-448 ~~or~~ AND 20-452 ~~does~~ DO not prohibit any
28 person from providing or offering to provide:

29 1. In the case of group disability insurance, rewards or incentives
30 under a wellness program that satisfies the requirements for an exception
31 from the general prohibition against discrimination based on a health
32 factor under the health insurance portability and accountability act of
33 1996 (P.L. 104-191; 110 Stat. 1936), including any federal regulations
34 that are adopted pursuant to that act.

35 2. In the case of individual disability insurance, rewards or
36 incentives under a wellness program that satisfies the equivalent of the
37 requirements for an exception from the general prohibition against
38 discrimination based on a health factor under the health insurance
39 portability and accountability act of 1996 (P.L. 104-191; 110 Stat. 1936),
40 including any federal regulations that are adopted pursuant to that act.

1 3. PRODUCTS OR SERVICES THAT ARE ANCILLARY OR RELATED TO ANY POLICY
2 OF LIFE OR DISABILITY INSURANCE AND THAT ARE INTENDED TO MINIMIZE OR
3 PREVENT CLAIMS-RELATED LOSSES OR EXPENSES, TO DETER INJURY OR DEATH OR TO
4 IMPROVE THE HEALTH OF THE INSURED.

5 Sec. 2. Section 20-451, Arizona Revised Statutes, is amended to
6 read:

7 20-451. Rebates on other than life or disability insurance;
8 definitions

9 A. ~~NO~~ EXCEPT AS ALLOWED IN SUBSECTION B OF THIS SECTION, AN insurer
10 or employee, insurance producer or representative ~~thereof shall~~ MAY NOT
11 knowingly charge, demand or receive a premium for any policy of insurance,
12 other than life or disability insurance, except in accordance with any
13 applicable filing on file with the director. ~~No such~~ AN insurer,
14 employee, insurance producer or representative ~~shall~~ MAY NOT offer, pay,
15 allow or give, directly or indirectly, as an inducement to insurance, or
16 after insurance has been effected, any rebate, discount, abatement, credit
17 or reduction of the premium named in a policy of insurance, or any special
18 favor or advantage in the dividends or other benefits to accrue thereon,
19 or any valuable consideration or inducement whatever, not specified in the
20 policy of insurance, except to the extent provided for in an applicable
21 filing. ~~NO~~ AN insured named in a policy of insurance ~~nor~~ OR any
22 representative or employee of the insured ~~shall~~ MAY NOT knowingly receive
23 or accept, directly or indirectly, any such rebate, discount, abatement,
24 credit or reduction of premium, or any such special favor or advantage or
25 valuable consideration or inducement. ~~Nothing in This section shall be~~
26 ~~construed as prohibiting~~ DOES NOT PROHIBIT the payment of commissions or
27 other compensation to duly licensed insurance producers ~~nor as prohibiting~~
28 OR PROHIBIT any insurer from allowing or returning to its participating
29 policyholders, members or subscribers dividends, savings or unabsorbed
30 premium deposits.

31 B. AN INSURER, ITS EMPLOYEES, INSURANCE PRODUCERS AND
32 REPRESENTATIVES MAY OFFER OR PROVIDE PRODUCTS OR SERVICES THAT ARE
33 ANCILLARY OR RELATED TO ANY POLICY OF INSURANCE, OTHER THAN LIFE OR
34 DISABILITY INSURANCE, THAT ARE INTENDED TO MINIMIZE OR PREVENT
35 CLAIMS-RELATED LOSSES OR EXPENSES OR HARM TO THE PUBLIC, INCLUDING FIRE OR
36 SMOKE DETECTORS, RISK AUDITS OR ASSESSMENTS AND PRODUCTS OR SERVICES TO
37 DETER INJURY, DEATH OR PROPERTY THEFT OR DAMAGE. THE PRODUCTS AND
38 SERVICES THAT MAY BE OFFERED OR PROVIDED IN THIS SUBSECTION ARE EXEMPT
39 FROM THE PROHIBITIONS SET FORTH IN SUBSECTION A OF THIS SECTION.

40 ~~B.~~ C. This section does not prohibit an insurer from retaining an
41 independent third party to conduct a customer feedback effort intended to
42 help the insurer improve the quality of its products or services and to
43 offer an insured business or individual a reasonable incentive to
44 participate in the feedback effort. An incentive is presumed reasonable
45 if it does not exceed ~~two hundred dollars~~ \$200. An insurer may not offer,

1 reference or promote an incentive or feedback effort under this section in
2 connection with an application for or renewal of insurance coverage.

3 ~~C.~~ D. For the purposes of this section:

4 1. "Feedback effort" means activities that are designed to elicit
5 customer perceptions on a predetermined set of topics that are related to
6 the insurer's products or services, including in-person, telephonic or
7 online surveys, polls, focus groups, interviews, questionnaires and other
8 recognized opinion-gathering mechanisms.

9 2. "Insurance" includes suretyship.

10 3. "Policy" includes bond.

11 Sec. 3. Section 20-452, Arizona Revised Statutes, is amended to
12 read:

13 20-452. Prohibited inducements

14 A. Except as ~~permitted~~ ALLOWED in SUBSECTION B OF THIS SECTION AND
15 sections 20-453 and 20-454, any insurer, insurance producer or other
16 person, as an inducement to insurance or in connection with any insurance
17 transaction, shall not provide in any policy for or offer, sell, buy or
18 offer or promise to buy, sell, give, promise or allow to the insured or
19 prospective insured or to any other person on behalf of the insured or
20 prospective insured in any manner:

21 1. Any employment.

22 2. Any shares of stock or other securities issued or at any time to
23 be issued or any interest therein or rights thereto.

24 3. Any advisory board contract, or any similar contract, agreement
25 or understanding, offering, providing for or promising any special
26 profits.

27 4. Any prizes, goods, wares, merchandise or tangible property of an
28 aggregate value of more than ~~one hundred dollars~~ \$100. This paragraph
29 does not prohibit an insurer from retaining an independent third party to
30 conduct a customer feedback effort intended to help the insurer improve
31 the quality of its products or services and to offer an insured business
32 or individual a reasonable incentive to participate in the feedback
33 effort. An incentive is presumed reasonable if it does not exceed ~~two~~
34 ~~hundred dollars~~ \$200. An insurer may not offer, reference or promote an
35 incentive or feedback effort under this paragraph in connection with an
36 application for or renewal of insurance coverage. For the purposes of
37 this paragraph, "feedback effort" means activities that are designed to
38 elicit customer perceptions on a predetermined set of topics that are
39 related to the insurer's products or services, including in-person,
40 telephonic or online surveys, polls, focus groups, interviews,
41 questionnaires and other recognized opinion-gathering mechanisms.

1 B. AN INSURER, INSURANCE PRODUCER OR OTHER PERSON MAY OFFER OR
2 PROVIDE PRODUCTS OR SERVICES THAT ARE ANCILLARY OR RELATED TO ANY
3 INSURANCE COVERAGE AND THAT ARE INTENDED TO MINIMIZE OR PREVENT
4 CLAIMS-RELATED LOSSES OR EXPENSES OR HARM TO THE PUBLIC, INCLUDING FIRE OR
5 SMOKE DETECTORS, RISK AUDITS OR ASSESSMENTS AND PRODUCTS OR SERVICES TO
6 DETER INJURY, DEATH OR PROPERTY THEFT OR DAMAGE. THE PRODUCTS AND
7 SERVICES THAT MAY BE OFFERED OR PROVIDED IN THIS SUBSECTION ARE EXEMPT
8 FROM THE PROHIBITIONS SET FORTH IN SUBSECTION A OF THIS SECTION.

APPROVED BY THE GOVERNOR MARCH 22, 2019.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 22, 2019.

Passed the House March 14, 20 19,

Passed the Senate February 11, 20 19,

by the following vote: 59 Ayes,

by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

18th day of March, 20 19,

at 1:50 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 22nd day of

March, 20 19,

at 2:38 o'clock P M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 22 day of March, 20 19,

at 4:01 o'clock P. M.

[Signature]
Secretary of State

S.B. 1008