



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

June 5, 2020

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, 2nd Regular Session, which I signed on June 5th, 2020:

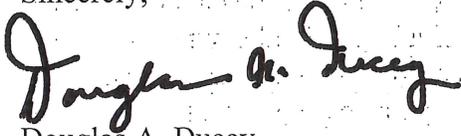
- S.B. 1012 executive session; school safety plans (Borrelli)
- S.B. 1021 department of revenue; electronic signatures (Ugenti-Rita)
- S.B. 1040 insurers; notices; methods of delivery (Livingston)
- S.B. 1041 travel insurance (Livingston)
- S.B. 1042 executive sessions; security plans (Borrelli)
- S.B. 1061 schools; parental rights; posting (Allen, S.)
- S.B. 1062 insurance transactions; discrimination; exceptions (Livingston)
- S.B. 1083 agriculture department; livestock loss board (Allen, S.)
- S.B. 1090 insurance adjusters; claims certificate (Livingston)
- S.B. 1091 insurance producer licensing; surrender; application (Livingston)
- S.B. 1096 property management records; residential rentals (Pace)
- S.B. 1099 tax deed land sales; proceeds (Mesnard)
- S.B. 1121 model city tax code; procedures (Leach)
- S.B. 1131 certified public accountants (Gray)
- S.B. 1210 assisted living; caregivers; training (Pace)
- S.B. 1236 adult adoption; stepchildren (Gowan)
- S.B. 1274 professional regulatory boards; composition (Ugenti-Rita)
- S.B. 1292 financial literacy; state treasurer; fund (Allen, S.)
- S.B. 1303 annexation of territory; requirements (Pratt)
- S.B. 1305 personal delivery devices (Livingston)
- S.B. 1354 public retirement systems; prefunding plan (Livingston)
- S.B. 1397 insurance; preexisting condition exclusions; prohibition (Mesnard)
- S.B. 1441 protection orders; modification; residence possession (Farnsworth, E.)
- S.B. 1445 suicide prevention training; school employees (Bowie)
- S.B. 1446 student identification cards; suicide prevention (Bowie)
- S.B. 1460 electric cooperatives; broadband service (Borrelli)
- S.B. 1492 Arizona teachers academy; program pathways (Boyer)

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S.B. 1504 fingerprinting; vital records; child care (Brophy-McGee)
S.B. 1510 public contracts; payment methods (Livingston)
S.B. 1528 family college savings program; treasurer (Leach)
S.B. 1555 support order; dishonored payment; lien (Farnsworth, E.)
S.B. 1557 annuity transactions; requirements (Livingston)

Sincerely,

A handwritten signature in black ink, reading "Douglas A. Ducey". The signature is written in a cursive style with a large initial "D".

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
Second Regular Session
2020

CHAPTER 65
SENATE BILL 1062

AN ACT

AMENDING SECTION 20-450, ARIZONA REVISED STATUTES; RELATING TO THE
TRANSACTION OF 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
6 programs; definition

7 A. Section 20-448 or 20-449 does not include within the definition
8 of discrimination or 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 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 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 the plan.

27 5. PAYMENTS OF IMPLEMENTATION CREDITS A LIFE INSURER MAKES TO
28 OFFSET EXPENSES THAT A GROUP POLICYHOLDER INCURS WHEN THE LIFE INSURER
29 INITIATES, CHANGES OR ADMINISTERS NEW OR EXISTING GROUP COVERAGE. THE
30 LIFE INSURER MAY EITHER:

31 (a) INCLUDE IMPLEMENTATION CREDITS IN THE PREMIUM CHARGED A
32 POLICYHOLDER AND THEN REIMBURSE THE POLICYHOLDER.

33 (b) PAY FOR THE IMPLEMENTATION CREDITS AND PROVIDE APPROPRIATE
34 DISCLOSURE IN THE GROUP POLICY.

35 B. Sections 20-448 and 20-452 do not prohibit any person from
36 providing or offering to provide:

37 1. In the case of group disability insurance, rewards or incentives
38 under a wellness program that satisfies the requirements for an exception
39 from the general prohibition against discrimination based on a health
40 factor under the health insurance portability and accountability act of
41 1996 (P.L. 104-191; 110 Stat. 1936), including any federal regulations
42 that are adopted pursuant to that act.

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

7 3. Products or services that are ancillary or related to any policy
8 of life or disability insurance and that are intended to minimize or
9 prevent claims-related losses or expenses, to deter injury or death or to
10 improve the health OR ENHANCE THE FINANCIAL WELLNESS of the insured.

11 4. PAYMENTS OF IMPLEMENTATION CREDITS A LIFE INSURER MAKES TO
12 OFFSET EXPENSES THAT A GROUP POLICYHOLDER OR EMPLOYER INCURS WHEN THE LIFE
13 INSURER INITIATES, CHANGES OR ADMINISTERS NEW OR EXISTING GROUP COVERAGE.
14 THE LIFE INSURER MAY EITHER:

15 (a) INCLUDE IMPLEMENTATION CREDITS IN THE PREMIUM CHARGED A
16 POLICYHOLDER AND THEN REIMBURSE THE POLICYHOLDER. THE LIFE INSURER SHALL
17 DISCLOSE TO THE POLICYHOLDER WHETHER IMPLEMENTATION CREDITS WERE INCLUDED
18 IN THE PREMIUM.

19 (b) PAY FOR THE IMPLEMENTATION CREDITS AND PROVIDE APPROPRIATE
20 DISCLOSURE IN THE GROUP POLICY.

21 C. FOR THE PURPOSES OF THIS SECTION, "LIFE INSURANCE" INCLUDES
22 DISABILITY INCOME POLICIES AND SUPPLEMENTAL BENEFIT POLICIES.

APPROVED BY THE GOVERNOR JUNE 5, 2020.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 5, 2020.

Passed the House May 19, 2020,

Passed the Senate January 30, 2020,

by the following vote: 42 Ayes,
18 Nays, 0 Not Voting

by the following vote: 30 Ayes,
0 Nays, 0 Not Voting

W. R. Boyce
Speaker of the House
Pro Tempore
Jim Drake
Chief Clerk of the House

Karen Farn, President
President of the Senate
Susan Owens
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
26th day of May, 2020,
at 12:20 o'clock P M.

[Signature]
Secretary to the Governor

Approved this 5th day of
June, 2020,

at 11:42 o'clock A M.
[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 5th day of June, 2020,

at 2:37 o'clock P. M.
[Signature]
Secretary of State

S.B. 1062