

SMITH D FLOOR AMENDMENT

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1593

(Reference to the B&I Committee amendment)

1 Page 1, between line 2 and 3, insert:

2 "Line 24, after "rulemaking" insert "; definition"

3 Line 34, after the period insert "ANY POLICY, CONTRACT, PLAN,
4 COVERAGE OR EVIDENCE OF COVERAGE THAT IS ISSUED FOR HEALTH OR
5 SICKNESS COVERAGE PURSUANT TO THIS SUBSECTION MUST MEET THE
6 BENEFIT REQUIREMENTS OF OTHER POLICIES, CONTRACTS, PLANS,
7 COVERAGES OR EVIDENCES OF COVERAGE ISSUED IN THE STATE WHERE THE
8 FOREIGN INSURER HOLDS A CERTIFICATE OF AUTHORITY. ANY POLICY,
9 CONTRACT, PLAN, COVERAGE OR EVIDENCE OF COVERAGE THAT IS ISSUED
10 PURSUANT TO THIS SUBSECTION IS SUBJECT ONLY TO THE BENEFIT
11 REQUIREMENTS OF THAT STATE.""

12 Line 7, after the period insert "IF THE DIRECTOR REVOKES A FOREIGN INSURER'S
13 REGISTRATION PURSUANT TO SUBSECTION C OF THIS SECTION, THE DIRECTOR SHALL NOT
14 REGISTER THE FOREIGN INSURER UNDER THIS SUBSECTION FOR TWO YEARS AFTER THE
15 DATE OF REVOCATION."

16 Between lines 7 and 8, insert:

17 "C. IF A FOREIGN INSURER ISSUES A POLICY, CONTRACT, PLAN, COVERAGE OR
18 EVIDENCE OF COVERAGE IN THIS STATE THAT DOES NOT INCLUDE A MANDATED HEALTH
19 COVERAGE UNDER THIS TITLE, AN INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY
20 FROM THIS STATE AND THAT IS SUBJECT TO SECTION 20-826, 20-1057, 20-1342,
21 20-1402 OR 20-1404 MAY ISSUE A POLICY, CONTRACT, PLAN, COVERAGE OR EVIDENCE
22 OF COVERAGE IN THIS STATE THAT DOES NOT INCLUDE THAT MANDATED HEALTH
23 COVERAGE.

24 D. A FOREIGN INSURER MUST NOTIFY THE DEPARTMENT IF THE INSURER HAS
25 BEEN SUBJECT TO ANY REGULATORY ACTION LEVEL EVENT SIMILAR TO A REGULATORY
26 ACTION LEVEL EVENT AS DEFINED IN SECTION 20-488 IN THE STATE WHERE THE
27 INSURER HOLDS A CERTIFICATE OF AUTHORITY."

1 Page 1, between lines 15 and 16, insert:

2 "4. THE INSURER FAILS TO COMPLY WITH CHAPTER 11 OF THIS TITLE.

3 5. THE INSURER FAILS TO COMPLY WITH CHAPTER 20 OF THIS TITLE.

4 6. THE INSURER HAS BEEN SUBJECT TO ANY REGULATORY ACTION LEVEL EVENT
5 IN THE STATE WHERE THE INSURER HOLDS A CERTIFICATE OF AUTHORITY.

6 Line 22, strike "AND THE POLICY"

7 Strike line 23

8 Line 24, strike "STATE'S DEPARTMENT OF INSURANCE"; strike "MAY BE
9 LESS"

10 Line 25, strike "EXPENSIVE THAN OTHERS BECAUSE IT"

11 Line 27, strike "SOME"

12 Line 28, after the period strike remainder of line

13 Strike lines 29 and 30

14 Line 31, strike "AUTHORITY), AND NOT THE STATE OF ARIZONA."

15 Between lines 22 and 23, insert:

16 "Between lines 7 and 8, insert:

17 "J. A COURT OF THIS STATE MAY EXERCISE JURISDICTION OVER A FOREIGN
18 INSURER THAT ISSUES A POLICY, CONTRACT, PLAN, COVERAGE OR
19 EVIDENCE OF COVERAGE PURSUANT TO THIS SECTION IN THIS STATE WITH
20 RESPECT TO THE POLICY, CONTRACT, PLAN, COVERAGE OR EVIDENCE OF
21 COVERAGE THAT IS ISSUED BY THE FOREIGN INSURER.

22 K. FOR THE PURPOSES OF THIS SECTION, "FOREIGN INSURER" MEANS
23 AN INSURER THAT IS FORMED UNDER THE LAWS OF ANOTHER STATE OF THE
24 UNITED STATES.""

25 Between lines 23 and 24, insert:

26 "Sec. 5. Section 20-2102, Arizona Revised Statutes, is amended to
27 read:

28 20-2102. Definitions

29 In this chapter, unless the context otherwise requires:

30 1. "Adverse underwriting decision" means any of the following actions
31 involving insurance coverage which is individually underwritten:

32 (a) A declination of insurance coverage.

1 (b) A termination of insurance coverage.

2 (c) Failure of an insurance producer to apply for insurance coverage
3 with a specific insurance institution which the insurance producer represents
4 and which is requested by an applicant.

5 (d) In the case of property or casualty insurance coverage, placement
6 by an insurance institution or insurance producer of a risk with a residual
7 market mechanism, an unauthorized insurer or an insurance institution which
8 specializes in substandard risks, or the charging of a higher rate on the
9 basis of information which differs from that which the applicant or
10 policyholder furnished.

11 (e) In the case of life, health or disability insurance coverage, an
12 offer to insure at higher than standard rates.

13 (f) In the case of property or casualty insurance, assigning an
14 applicant or policyholder to a higher rating tier or failing to apply a
15 premium discount or credit based on any credit related information derived
16 from the applicant's or policyholder's consumer report, insurance score or
17 lack of credit history.

18 Notwithstanding subdivisions (a) through (f) of this paragraph, the
19 termination of an individual policy form on a class or statewide basis, a
20 declination of insurance coverage solely because the coverage is not
21 available on a class or statewide basis or the rescission of a policy is not
22 considered an adverse underwriting decision, but the insurance institution or
23 insurance producer responsible for its occurrence shall provide the applicant
24 or policyholder with the specific reasons for its occurrence.

25 2. "Affiliate" or "affiliated" means a person that directly or
26 indirectly through one or more intermediaries controls, is controlled by or
27 is under common control with another person.

28 3. "Applicant" means any person who seeks to contract for insurance
29 coverage other than a person seeking group insurance that is not individually
30 underwritten.

31 4. "Consumer report" means any written, oral or other communication of
32 information that bears on a natural person's creditworthiness, credit

1 standing, credit capacity, character, general reputation, personal
2 characteristics or mode of living and that is used or expected to be used in
3 connection with an insurance transaction.

4 5. "Consumer reporting agency" means any person who does any of the
5 following:

6 (a) Regularly engages, in whole or in part, in the practice of
7 assembling or preparing consumer reports for a monetary fee.

8 (b) Obtains information primarily from sources other than insurance
9 institutions.

10 (c) Furnishes consumer reports to other persons.

11 6. "Control", including the terms "controlled by" or "under common
12 control with", means the possession, direct or indirect, of the power to
13 direct or cause the direction of the management and policies of a person,
14 whether through the ownership of voting securities, by contract other than a
15 commercial contract for goods or nonmanagement services, or otherwise, unless
16 the power is the result of an official position with or corporate office held
17 by the person.

18 7. "Declination of insurance coverage" means a denial, in whole or in
19 part, by an insurance institution or insurance producer of requested
20 insurance coverage.

21 8. "Individual" means any natural person who:

22 (a) In the case of property or casualty insurance, is a past, present
23 or proposed named insured or certificate holder.

24 (b) In the case of life, health or disability insurance, is a past,
25 present or proposed principal insured or certificate holder.

26 (c) Is a past, present or proposed policyowner.

27 (d) Is a past or present applicant.

28 (e) Is a past or present claimant.

29 (f) Derived, derives or is proposed to derive insurance coverage under
30 an insurance policy or certificate subject to this chapter.

31 9. "Institutional source" means any person or governmental entity that
32 provides information about an individual to an insurance producer, insurance

1 institution or insurance support organization, other than an insurance
2 producer, the individual who is the subject of the information or a natural
3 person acting in a personal capacity rather than in a business or
4 professional capacity.

5 10. "Insurance institution" means any corporation, association,
6 partnership, reciprocal insurer, inter-insurer, Lloyd's association,
7 fraternal benefit society or other person engaged in the business of
8 insurance, including health care service organizations, ~~and~~ hospital,
9 medical, dental and optometric service corporations as defined in this title
10 AND FOREIGN INSURERS THAT ISSUE POLICIES IN THIS STATE PURSUANT TO SECTION
11 20-238. Insurance institution does not include insurance producers or
12 insurance support organizations.

13 11. "Insurance producer" means an insurance producer as defined in
14 section 20-281 or a managing general agent as defined in section 20-311.

15 12. "Insurance score" means, for the purpose of insurance underwriting
16 or rating, a designation that is derived by using a variety of data sources,
17 including an individual's consumer report in an algorithm, computer program,
18 model or other process that reduces the data to a number, alpha character or
19 rating that is used for insurance underwriting and rating decisions.

20 13. "Insurance support organization" means:

21 (a) Any person who regularly engages, in whole or in part, in the
22 practice of assembling or collecting information about natural persons for
23 the primary purpose of providing the information to an insurance institution
24 or insurance producer for insurance transactions, including the furnishing of
25 consumer reports or investigative consumer reports to an insurance
26 institution or insurance producer for use in connection with an insurance
27 transaction or the collection of personal information from insurance
28 institutions, insurance producers or other insurance support organizations
29 for the purpose of detecting or preventing fraud, material misrepresentation
30 or material nondisclosure in connection with insurance underwriting or
31 insurance claim activity.

1 (b) Notwithstanding subdivision (a) of this paragraph the following
2 persons are not considered insurance support organizations for purposes of
3 this chapter:

- 4 (i) Insurance producers.
- 5 (ii) Government institutions.
- 6 (iii) Insurance institutions.
- 7 (iv) Medical care institutions.
- 8 (v) Medical professionals.

9 14. "Insurance transaction" means any transaction that involves
10 insurance primarily for personal, family or household needs rather than
11 business or professional needs and that entails the determination of an
12 individual's eligibility for an insurance coverage, benefit or payment or the
13 servicing of an insurance application, policy, contract or certificate,
14 including transfers of business.

15 15. "Investigative consumer report" means a consumer report or portion
16 of a consumer report in which information about a natural person's character,
17 general reputation, personal characteristics or mode of living is obtained
18 through personal interviews with the person's neighbors, friends, associates,
19 acquaintances or others who may have knowledge concerning those items of
20 information.

21 16. "Medical care institution" means any facility or institution that
22 is licensed to provide health care services to natural persons including:

- 23 (a) Health care service organizations.
- 24 (b) Home health agencies.
- 25 (c) Hospitals.
- 26 (d) Medical clinics.
- 27 (e) Public health agencies.
- 28 (f) Rehabilitation agencies.
- 29 (g) Skilled nursing facilities.

30 17. "Medical professional" means any person licensed or certified to
31 provide health care services to natural persons, including a chiropractor,
32 clinical dietitian, clinical psychologist, dentist, nurse, occupational

1 therapist, optometrist, pharmacist, physical therapist, physician,
2 podiatrist, psychiatric social worker or speech therapist.

3 18. "Medical record information" means personal information that
4 relates to an individual's physical or mental condition, medical history or
5 medical treatment and that is obtained from a medical professional or medical
6 care institution, the individual or the individual's spouse, parent or legal
7 guardian.

8 19. "Personal information" means any individually identifiable
9 information gathered in connection with an insurance transaction and from
10 which judgments can be made about an individual's character, habits,
11 avocations, finances, occupation, general reputation, credit, health or any
12 other personal characteristics. Personal information includes an
13 individual's name and address and medical record information but does not
14 include privileged information.

15 20. "Policyholder" means any person who:

16 (a) In the case of individual property or casualty insurance, is a
17 present named insured.

18 (b) In the case of individual life, health or disability insurance, is
19 a present policyowner.

20 (c) In the case of group insurance which is individually underwritten,
21 is a present group certificate holder.

22 21. "Pretext interview" means an interview in which a person, in an
23 attempt to obtain information about a natural person, performs one or more of
24 the following acts:

25 (a) Pretends to be someone he or she is not.

26 (b) Pretends to represent a person he or she is not in fact
27 representing.

28 (c) Misrepresents the true purpose of the interview.

29 (d) Refuses to identify himself or herself on request.

30 22. "Privileged information" means any individually identifiable
31 information that relates to a claim for insurance benefits or a civil or
32 criminal proceeding involving an individual and that is collected in

1 connection with or in reasonable anticipation of a claim for insurance
2 benefits or a civil or criminal proceeding involving an individual, except
3 that information otherwise meeting the requirements of this paragraph is
4 considered personal information under this chapter if it is disclosed in
5 violation of section 20-2113.

6 23. "Residual market mechanism" means an agreement for the equitable
7 apportionment among insurers of insurance afforded applicants who are in good
8 faith entitled to but who are unable to procure insurance through ordinary
9 methods.

10 24. "Termination of insurance coverage" or "termination of an
11 insurance policy" means either a cancellation or nonrenewal of an insurance
12 policy, in whole or in part, for any reason other than the failure to pay a
13 premium as required by the policy.

14 25. "Transfer of business":

15 (a) Means the transfer by an insurance institution or insurance
16 producer that owns the policy expiration of a policyholder's existing policy
17 of insurance or the transfer of a group of policyholders' existing policies
18 of insurance to another insurance institution.

19 (b) Does not include the transfer of business by an insurance producer
20 that is under an exclusive contract or a contract requiring the insurance
21 producer to submit all eligible business to an insurer or group of insurers
22 under a common management.

23 26. "Unauthorized insurer" means an insurance institution that has not
24 been granted a certificate of authority by the director to transact insurance
25 in this state."

26 Page 3, between lines 9 and 10, insert:

27 "Sec. 7. Section 20-3101, Arizona Revised Statutes, is amended to
28 read:

29 20-3101. Definitions

30 In this chapter, unless the context otherwise requires:

31 1. "Adjudicate" means an insurer's decision to deny or pay a claim, in
32 whole or in part, including the decision as to how much to pay.

1 2. "Clean claim" means a written or electronic claim for health care
2 services or benefits that may be processed without obtaining additional
3 information, including coordination of benefits information, from the health
4 care provider, the enrollee or a third party, except in cases of fraud.

5 3. "Enrollee" means an individual who is enrolled under a health care
6 insurer's policy, contract or evidence of coverage.

7 4. "Grievance" means any written complaint that is subject to
8 resolution through the insurer's system that is prescribed in section
9 20-3102, subsection F and submitted by a health care provider and received by
10 a health care insurer. Grievance does not include a complaint:

11 (a) By a noncontracted provider regarding an insurer's decision to
12 deny the noncontracted provider admission to the insurer's network.

13 (b) About an insurer's decision to terminate a health care provider
14 from the insurer's network.

15 (c) That is the subject of a health care appeal pursuant to chapter
16 15, article 2 of this title.

17 5. "Health care insurer" means a disability insurer, group disability
18 insurer, blanket disability insurer, health care services organization,
19 prepaid dental plan organization, hospital service corporation, medical
20 service corporation, dental service corporation, optometric service
21 corporation, or hospital, medical, dental and optometric service corporation,
22 **AND INCLUDES A FOREIGN INSURER THAT ISSUES POLICIES IN THIS STATE PURSUANT TO**
23 **SECTION 20-238.**

24 Sec. 8. Section 20-3151, Arizona Revised Statutes, is amended to read:

25 **20-3151. Definitions**

26 For the purposes of this ~~section~~ **CHAPTER:**

27 1. "Enrollee" means an individual who is enrolled in a health care
28 plan provided by a health care insurer.

29 2. "Health care insurer" means a disability insurer, group disability
30 insurer, blanket disability insurer, health care services organization,
31 hospital service corporation, medical service corporation, ~~or~~ hospital and

1 medical service corporation OR A FOREIGN INSURER THAT ISSUES POLICIES IN THIS
2 STATE PURSUANT TO SECTION 20-238.

3 3. "Health care plan" means a policy, contract or evidence of coverage
4 issued to an enrollee. Health care plan does not include limited benefit
5 coverage as defined in section 20-1137.

6 4. "Health care professional" means a professional who is regulated
7 pursuant to title 32, chapter 7, 8, 11, 13, 14, 15, 15.1, 16, 17, 18, 19,
8 19.1, 25, 28, 29, 33, 34, 35, 39 or 41, title 36, chapter 6, article 7 or
9 title 36, chapter 17.""

10 Amend title to conform

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