



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

House: COM DP 10-0-0-0

HB 2795: insurance; implementation credits; exceptions

Sponsor: Representative Kaiser, LD 15

House Engrossed

Overview

Permits disability insurers and service corporations to offset certain expenses by the use of payments for implementation of credits.

History

Current statute outlines the following practices not prohibited in life and disability insurance and allows an insurer to: 1) in life insurance or life annuity, pay bonuses to policyholders or otherwise abate their premiums, if deemed fair to policyholders; 2) in life insurance policies issued on the industrial debit plan, make specified allowances to certain policyholders; 3) readjust the rate of premium for a group insurance policy based on the loss or expense experienced; 4) issue life or disability policies on a salary savings or payroll deduction plan at a reduced rate that is commensurate with the savings made by the use of the plan; and 5) payments of implementation credits a life insurer makes to offset expenses that a group policyholder or employer incurs when the life insurer initiates, changes or administers a new or existing group coverage.

Additionally, insurers may offer: 1) in a group disability insurance or individual disability insurance, rewards or incentives under a wellness program that satisfies the Health Insurance Portability and Accountability Act nondiscrimination regulations; and 2) products or services that are ancillary or related to any policy of life or disability insurance and that are intended to minimize or prevent claims-related losses or expenses, to deter injury or death or to improve the health of the insured ([A.R.S. § 20-450](#)).

Statute prohibits insurers from permitting any unfair discrimination respecting hemophiliacs or between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees or rates charged for any policy or contract of disability insurance or in the benefits payable or in any of the terms or conditions of the contract, or in any other manner, with certain exceptions ([A.R.S. § 20-448](#)).

Statute prohibits an insurer from paying or giving, or offering to pay or give, directly or indirectly, any rebate of premiums payable on a contract of life insurance, life annuity or disability insurance, or any special favor or advantage in the dividends or other benefits as an inducement to such insurance or annuity contract ([A.R.S. § 20-449](#)).

Provisions

1. Allows the payments of implementation credits a disability insurer or service corporation makes to offset expenses that a group policyholder incurs when the group policyholder initiates or changes new or existing group coverage to do either:
 - a) include implementation credits in the premium charged a policy holder and then reimburse the policy holder; or

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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- b) pay for the implementation credits and provide appropriate disclosure in the group policy. (Sec. 1)
- 2. Specifies the payments of implementation credits are not included within the definition of discrimination or rebates. (Sec. 1)
- 3. Makes clarifying changes. (Sec. 1)