

Katie Hobbs
Governor

Barbara D. Richardson
Cabinet Executive Officer
Executive Deputy Director

NOTICE OF THE OPPORTUNITY TO COMMENT

The Department of Insurance and Financial Institutions (“Department”) is considering the issuance of a Regulatory Bulletin. The Department occasionally issues Regulatory Bulletins in order to promote a level regulatory playing field and to communicate to the public and other stakeholders Department processes that aim to alleviate regulatory burdens and benefit consumers. The Department’s Regulatory Bulletins are advisory, substantive policy statements issued in accordance with the Arizona Administrative Procedure Act (“APA”) under Arizona Revised Statutes (“A.R.S.”) Title 41, Chapter 6.

While the APA does not require providing prior notice or opportunity for public comment before the issuance of an agency’s substantive policy statement, the Department recognizes that there may be pertinent legal and policy considerations that would enhance a substantive policy statement. In such instances, the Department will request public comment on issues that may be the subject of a Bulletin by issuing a Notice of the Opportunity to Comment.

The public is invited to provide comments on the following topic. Instructions for submitting comments appear at the bottom on this Notice.

Topic for Comment

The Department is considering issuing a Bulletin that will outline a new process and timeframe under which an Arizona-domiciled captive insurance company will pay its annual renewal fee. The Department’s new process will create a uniform approach by specifying a fixed calendar date by which each captive insurer will pay its annual renewal fee.

During internal review, the Department noticed the timeframes by which captive insurers submit the annual renewal fee are governed by each captive’s fiscal year end, rather than by a fixed calendar date applicable to all captive insurers. As Arizona’s captive industry has grown, submission of annual renewal fees on rolling timeframes based on captives’ fiscal year ends creates inefficiencies in the Department. The maturation of Arizona as a captive domicile creates a concomitant need for budgetary support and certainty for the Department’s captive division. Therefore, the current lack of a fixed calendar date for submission of the annual renewal fee by captives has detrimental implications for the budget and operations of the captive division. The captive division researched the issue and determined that changing the deadline by which the annual renewal fee is paid to a fixed calendar date will both alleviate the concerns for budgeting and operation of the captive division and will not have a detrimental impact on captives with a certificate of authority issued by the Department. The Department proposes making October 1 of each year as the date by which each Arizona-domiciled captive insurance company must pay its annual renewal fee.

In an effort to achieve greater transparency of the Department’s operations, the Department invites any interested parties to submit comments prior to the issuance of the Bulletin. The Department is particularly interested in comments from captive insurers and their representatives regarding the effects the proposed deadline might have on their operations. Additionally, the Department is soliciting input and suggestions on what due dates for renewal fees will work best for captive insurers.

INSTRUCTIONS:

Please clearly state and support your arguments and positions in response to this Notice. The Department will consider all timely submitted comments. While all comments are appreciated, the Department cannot commit to responding to or incorporating any comments into the Bulletin.

When submitting your comment, please reference "Regulatory Bulletin 2024-011" in the subject line if submitted by email, or in the heading of any mailed document. The Department will not consider your comment unless the above reference is prominently displayed in the subject of your email, or on any typed documents.

In order for comments to be considered, interested parties should submit comment on or before close of business:

February 19, 2024

The Department will not consider any comments submitted after the above date. Submission of comments can be done either by email at: public_comments@difi.az.gov; or delivered on or before the above date to: Department of Insurance and Financial Institutions, Attention, Office of the Director, 100 North 15th Avenue, Suite 261, Phoenix, AZ, 85007-2630.

Comments will be public information which is open to public inspection, pursuant to Arizona's Public Records Laws, under A.R.S. Title 39, Chapter 1. Please ensure that any submitted comments do not contain confidential by law information.