



Enforcement, Innovation and Regulatory Policy Division
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Substantive Policy Statement 2022-02¹(DIFI)

2022 Arizona Insurance and Financial Institutions Laws

Pursuant to Arizona Revised Statutes (“A.R.S.”) § 41-1091 the Arizona Department of Insurance and Financial Institutions (“Department”) occasionally issues Substantive Policy Statements to express the Department’s position on current industry practices and to provide the Department’s interpretation regarding Arizona law requirements. The Department’s Substantive Policy Statements are intended to promote a level playing field and uniform application of statutory provisions to consumers and industry.

I. Purpose

The purpose of this Substantive Policy Statement is to summarize the major, newly enacted legislation affecting the Department, its licensees and consumers.

II. Scope

This Substantive Policy Statement is not meant as an exhaustive list or a detailed analysis of all Department-related bills. It generally describes the substantive content but does not capture all details or necessarily cover all bills that may be of interest to a particular reader. The Department may follow this bulletin with more detailed bulletins related to the implementation of specific legislation.

III. Background

Arizona’s Fifty-fifth Legislature, Second Regular Session, adjourned *sine die* on June 25, 2022. Except as otherwise noted, all legislation has a general effective date of **September 24, 2022**. The following seventeen bills passed during Arizona’s Fifty-fifth Legislative session.

¹ This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.

IV. Department Position

[Laws 2022, Chapter 368 \(H2120\): Workers Compensation; Injury Reports](#)

Amends A.R.S. §§ 23-414, 32-418, 23-908, and 23-963.01

When reporting workers compensation injuries, employers are only required to report injuries requiring medical treatment, which does not include any one time, short-term treatment, by nonmedical staff, that requires little technology or training to administer. Changes to ARS 23-963.01 further codifies that the national nonprofit insurance rating organization (NCCI) must reduce an employer's experience modification calculation for medical-only loss claims.

[Laws 2022, Chapter 219 \(H2144\): Health Insurance Coverage; Biomarker Testing](#)

Creates A.R.S. §§ 20-841.13, 20-1057.19, 20-1376.10, 20-1406.10 and 36-2907.03

On or after January 1, 2023, all health insurers' policies must ensure coverage, as an essential health benefit, for biomarker testing for diagnosis, treatment, appropriate management, or ongoing monitoring of a subscriber's disease or condition when the test provides clinical utility as demonstrated by medical and scientific evidence. Insurers must ensure that coverage is provided in a manner that limits disruptions in care. The Arizona Health Care Cost Containment System Administration and its contractors are required to provide biomarker testing for the same purposes as an essential health benefit.

[Laws 2022, Chapter 66 \(HB2171\): Salvage Vehicles Titles; Insurance Companies](#)

Amends A.R.S. § 28-2091

A vehicle that is acquired by an insurance company as a result of a total loss insurance settlement is no longer required to have a notarized signature on the certificate of title or any supporting documents required for title transfer for a salvage, stolen vehicle, or no repairable vehicle certificate of title.

[Laws 2022, Chapter 176 \(HB2203\): Special Purpose Banks; Comparable; Rights](#)

Amends A.R.S. § 6-330

Except as prohibited by federal law, an out-of-state bank doing business in Arizona has all of the rights, powers and privileges and is entitled to the same exemptions and immunities as a comparable in-state financial institution and is subject to all of the provisions of statute to the same extent as a comparable in-state financial institution. Applies to any special purpose depository institution that is chartered as a bank.

[Laws 2022, Chapter 89 \(HB 2272\): Insurance; Secondary Sources](#)

Creates A.R.S. § 20-110

A secondary source on insurance does not constitute the law or public policy of Arizona and is not authoritative if the secondary source purports to create, eliminate, expand or restrict a cause of action, right or remedy, or if it conflicts with the U.S. Constitution, state Constitution, state law, Arizona's case law precedent, or other common law that may have been adopted by Arizona. Sources include legal treatise, scholarly publications, textbooks or other explanatory text.

Laws 2022, Chapter 243 (HB 2323): Homeowner’s Insurance; Dogs; Nondiscrimination

Amends A.R.S. § 11-1025, Creates A.R.S. § 20-1510.

The breed of a dog cannot be considered in findings of fact or conclusions of law entered by a court or other specified legal decision makers regarding whether a dog is "aggressive" or "vicious" (both defined) or has created liability.

The breed of a dog cannot be the sole factor considered or used in association with the following activities related to a homeowner’s or renter’s insurance policy: 1) underwriting or actuarial processes for determining risk, liability or potential losses related to claims involving dogs, and 2) in various means of gathering information under . Applies to new policies of insurance and renewed policies of insurance issued beginning July 1, 2023.

Laws 2022, Chapter 265 (HB2599): Administrative Hearings; GRRC

Amends A.R.S. §§ 12-348, 32-4302, 41-1009, 41-1030, 41-1033, 41-1092, 41-1092.03, 41-1092.07, 41-1092.08, 41-1092.12; Creates A.R.S. §§ 32-4304, 41-1039; Removes A.R.S. § 41-1033

Before any “regulating entity” (department) takes any official action to deny a professional or occupational reciprocal license issued pursuant to A.R.S. Title 32, the department is required to submit the application and the reason for denial to the Governor for review. Beginning July 1, 2022, the department is required to track information about applications and annually report that information to the Governor. The department is required to post a list of specified information relating to licensure on the entity website. Makes various changes to statutes related to administrative procedures.

The department is prohibited from submitting proposed rules to the Governor’s Regulatory Review Council (GRRC) without a written final approval from the Governor. Establishes a list of circumstances that the department must address as justification for the rulemaking when seeking approval. When submitting a rulemaking request, the department is required to recommend for consideration by the Governor at least three existing rules to eliminate for every additional rule requested by the agency. The list of reasons a person is authorized to petition GRRC to review a rule is expanded to include if the rule exceeds an agency's statutory authority.

Laws 2022, Chapter 59 (HB2612): Occupational Regulation

Amends A.R.S. Titles 3, 4, 5, 6, 20, 28, 32, 36, 41 and 44

Removes all statutes governing occupational regulations, requirements that an applicant, licensee, permittee, or other person be of "good moral character" or similar.

Laws 2022, Chapter 157 (HB2698): Insurance; Assignment of Benefits

Amends A.R.S. § 20-464

The statute prohibiting insurance payments for services from being made to anyone other than the health care provider to whom payment was assigned, now applies to an insurer whether they are acting as an insurer or performing administrative services.

Laws 2022, Chapter 342 (SB 1118): Insurance; Fees; Consent; Medicare Supplement

Amends A.R.S. §§ 20-167, 20-239, 20-381, 20-1133, 20-1379, 20-1382, 20-1583 and 20-2310

Creates various changes to statutes relating to insurance.

The minimum possible fee for a certificate of director is reduced to \$0, from \$1.50.

Specifies that an oral communication with a contemporaneous written record or recording made of the communication shall qualify as a consent agreement for using electronic communication with the insurer. The oral consent does not constitute an agreement by the insured for any matter. Insurers must retain the written or recorded records in accordance with their record retention policies and A.R.S. § 20-157 .

Clarifies the definition of an “Advisory Organization” is an entity that makes rates for two or more insurers or rate service organizations.

Defines an “early enrollment discount” associated with Medicare supplement rates and specifies that such discounts are not attained age rating as long as the discount diminishes over a period of time and is only available to enrollees who purchase the plan within the early enrollment period designated by the insurer. Insurers must disclose to all applicants how the discount will diminish over time. Suspends the requirement that insurers must provide a certificate of creditable coverage and make certain statutory reports to the Department so long as the federal laws that require a certificate of creditable coverage are superseded by the prohibition on pre-existing condition exclusions.

Eliminates some restrictions on title insurance agent names. Title insurers are permitted to authorize the use of their corporate name or portion of the name to a title insurance agency.

Laws 2022, Chapter 288 (SB 1176): 340B Drug Programs; Prohibitions

Creates A.R.S. §§ 20-3341, 20-3342 and 20-3343

All insurance contracts that are issued, delivered, or renewed on or after January 1, 2024 for a third party that reimburses for "340B drugs" are prohibited from discriminating in reimbursement on the basis that the pharmacy dispenses a 340B drug, and from taking other specified actions on the basis that a pharmacy dispenses a 340B drug.

Laws 2022, Chapter 172 (SB 1204): Mortgage Brokers; Bankers; Qualifications

Amends A.R.S. §§ 6-901, 6-903, 6-971, 6-976; Creates ARS § 6-902.01

Defines “generally accepted accounting principles” as United States generally accepted accounting principles issued by the Financial Accounting Standards Board or the international financial reporting standards issued by the International Accounting Standards Board. A mortgage broker or commercial mortgage broker's parent company may apply for a certificate of exemption to utilize an Arizona non-resident employee of an affiliated entity or of the parent company to act as the Responsible Individual if certain requirements are met. The Responsible Individual for a commercial mortgage banker is no longer required to be an Arizona resident.

Laws 2022, Chapter 45 (SB 1394): DIFI; Business Name; Trade Name

Creates A.R.S. § 6-117; Amends ARS §§ 6-606, 6-714, 6-903, 6-943, 6-977, 6-991.02 and 6-282

An enterprise or a consumer lender is not required to obtain a separate license when doing business under an assumed name or a trade name if the enterprise or consumer lender notifies the Department of Insurance and Financial Institutions in writing, on a form prescribed by the Director, before using the assumed name or trade name. An enterprise or consumer lender is prohibited from using an assumed name or trade name that is so substantially similar to the assumed name or trade name of another licensee that it may cause confusion among the public, or an assumed name or trade name that tends to deceive or mislead the public as to the nature of business that the licensee conducts. These provisions **do not** apply to Collection Agencies.

Laws 2022, Chapter 147 (SB 1410): Auto Glass; repair; Penalties

Creates A.R.S. § 20-463.02

Establishes requirements for an automotive glass company or repair facility that conducts glass repair, replacement or "recalibration" on a vehicle equipped with an "advanced driver assistance system." The facility must provide the customer with an itemized description of the work to be done on the vehicle. If a recalibration was not performed or not completed successfully, the facility must inform the customer and the customer's insurer electronically or in writing. A facility is prohibited from billing or charging a customer or the customer's insurer for vehicle glass repair, replacement, or recalibration services that are not performed in accordance with the vehicle manufacturer's specifications. Violations are subject to a civil penalty of \$2,500 and subject to enforcement pursuant to Article 6 of Title 20, Chapter 2.

Laws 2022, Chapter 236 (SB 1580): Money Transmission; Money Transmitter Licensure

Repeals Title 6, Chapter 12, Article 1 by Adding a New Article 1; Amends A.R.S. §§ 6-1242, 6-1305, 13-2317, 41-5605; Repeals 6-1306

Repeals and replaces existing statutes regulating money transmission and licensure. Establishes a list of exemptions from money transmission regulations. Establishes related powers and duties of the Department (DIFI), including administering and enforcing this legislation. Authorizes DIFI to participate in multistate supervisory processes established between states. A person is prohibited from engaging in the business of money transmission without a license. Establishes license requirements and license application requirements. Establishes various reporting requirements and requires annual audited financial statements from each licensee. Establishes net worth requirements and surety bond requirements. Session law provides that a person who is licensed as a money transmitter under the repealed statute is not subject to the new statute if there are conflicts between the two, until the person renews the person's license or until six months after the effective date of this legislation, whichever is later.

SM 1001: Financial Institutions; Burdensome Reporting Requirements

The Legislature urges the U.S. Congress to act to protect consumers from harmful and intrusive Internal Revenue Service rules and financial institutions from burdensome reporting requirements. The Secretary of State is directed to transmit copies of this memorial to the President of the U.S. Senate, the Speaker of the U.S. House and each member of Congress from Arizona.

HCM2206: FEMA; Wildfires; Flooding; Cost Threshold

The Legislature urges the Federal Emergency Management Agency (FEMA) to amend its system of calculating the cumulative fire cost threshold from wildfires to include the costs resulting from and directly related to flooding. The Secretary of State is directed to transmit copies of this memorial to the FEMA Administrator.

All interested persons are encouraged to obtain copies of the enacted bills by contacting the Arizona Secretary of State's office at (602) 542-4086, or from the Arizona legislative website at <http://www.azleg.gov>. Please, direct any questions regarding this bulletin to Stephen Briggs, Legislative Liaison at (602) 364-3761 or stephen.briggs@difi.az.gov.