

REFERENCE TITLE: variable group contracts

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1203

Introduced by
Senator Gorman

AN ACT

AMENDING SECTIONS 20-2631, 20-2661 AND 20-2662, ARIZONA REVISED STATUTES;
RELATING TO VARIABLE GROUP CONTRACTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-2631, Arizona Revised Statutes, is amended to
3 read:

4 20-2631. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Company" means an insurer licensed pursuant to this title to
7 transact life insurance or annuities in this state.

8 2. "Variable annuity" means ~~a~~ AN INDIVIDUAL policy or contract that
9 provides for annuity benefits that vary according to the investment
10 experience of a separate account or accounts that the insurer maintains
11 pursuant to section 20-651 or the corresponding insurance laws of a foreign
12 insurer's domiciliary state.

13 Sec. 2. Section 20-2661, Arizona Revised Statutes, is amended to read:

14 20-2661. Scope of article; definitions

15 A. This article applies to all agents as defined in section 20-2601
16 seeking qualification to sell or offer for sale variable contracts OR
17 VARIABLE GROUP CONTRACTS in this state.

18 B. IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

19 1. "Variable contracts" means ~~"A variable life insurance POLICY" and~~
20 OR ~~"A variable annuity"~~ as defined in sections 20-2601 and 20-2631,
21 respectively.

22 2. "VARIABLE GROUP ANNUITY" MEANS A GROUP POLICY OR CONTRACT OF TWO OR
23 MORE INDIVIDUALS THAT PROVIDES FOR ANNUITY BENEFITS THAT VARY ACCORDING TO
24 THE INVESTMENT EXPERIENCE OF A SEPARATE ACCOUNT OR ACCOUNTS THAT THE INSURER
25 MAINTAINS PURSUANT TO SECTION 20-651 OR THE CORRESPONDING INSURANCE LAWS OF A
26 FOREIGN INSURER'S DOMICILIARY STATE.

27 3. "VARIABLE GROUP CONTRACTS" MEANS A VARIABLE GROUP ANNUITY.

28 Sec. 3. Section 20-2662, Arizona Revised Statutes, is amended to read:

29 20-2662. Insurance producer qualifications; reports

30 A. A person may not sell or offer for sale in this state any variable
31 contracts unless the person is licensed as a life insurance producer by the
32 department and files with the director evidence that the person is licensed
33 by the national association of securities dealers as a principal or a
34 registered representative and that the person is authorized to solicit or
35 sell variable contracts by an insurer admitted to transact variable contract
36 business in this state.

37 B. A PERSON MAY NOT SELL OR OFFER FOR SALE IN THIS STATE ANY VARIABLE
38 GROUP CONTRACTS UNLESS THE PERSON IS LICENSED AS A LIFE INSURANCE PRODUCER BY
39 THE DEPARTMENT AND IS AUTHORIZED TO SOLICIT OR SELL VARIABLE GROUP CONTRACTS
40 BY AN INSURER WHO IS ADMITTED TO TRANSACT VARIABLE GROUP CONTRACT BUSINESS IN
41 THIS STATE.

42 ~~B.~~ C. Any examination that is administered by the department to
43 determine if a person is eligible for licensing as an insurance producer may
44 include any questions that the director deems appropriate and that concern

1 the history, purpose, regulation and sale of variable contracts OR VARIABLE
2 GROUP CONTRACTS.

3 ~~6-~~ D. Any person who is qualified to sell or offer to sell variable
4 contracts OR VARIABLE GROUP CONTRACTS under this article shall immediately
5 report to the director:

6 1. The suspension or revocation of the insurance producer's license in
7 any other state or territory of the United States.

8 2. The imposition of any disciplinary sanction, including the
9 suspension or expulsion of the insurance producer from membership, or
10 suspension, revocation or denial of the insurance producer's registration by
11 any national securities exchange, national securities association or federal,
12 state or territorial agency that has jurisdiction over securities or variable
13 contracts.

14 3. The entry of a judgment or injunction against the insurance
15 producer for conduct involving fraud, deceit or misrepresentation or a
16 violation of any insurance or securities law.

17 ~~6-~~ E. The director may reject an application or suspend, revoke or
18 refuse to renew an insurance producer's qualification to sell or offer to
19 sell variable contracts OR VARIABLE GROUP CONTRACTS on any ground that would
20 bar the applicant or insurance producer from being licensed to sell other
21 life insurance contracts in this state. The rules that apply to a proceeding
22 relating to the suspension or revocation of an insurance producer's license
23 also apply to a proceeding for the suspension or revocation of ~~a-~~ AN
24 INSURANCE producer's qualification to sell or offer to sell variable
25 contracts OR VARIABLE GROUP CONTRACTS.