

REFERENCE TITLE: group disability insurance; eligible group

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

# **SB 1204**

Introduced by  
Senator Gorman

AN ACT

AMENDING SECTION 20-1401, ARIZONA REVISED STATUTES; RELATING TO GROUP  
DISABILITY INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-1401, Arizona Revised Statutes, is amended to  
3 read:

4 20-1401. Eligible groups

5 A. Group disability insurance is that form of disability insurance  
6 covering groups of persons as defined below, with or without one or more  
7 members of their families or one or more of their dependents, or covering one  
8 or more members of the families or one or more dependents of persons in such  
9 groups, and issued upon the following basis:

10 1. Under a policy issued to an employer or trustees of a fund  
11 established by an employer, who shall be deemed the policyholder, insuring at  
12 least ~~five~~ TWO employees of the employer, for the benefit of persons other  
13 than the employer. The term "employees" as used herein shall be deemed to  
14 include the officers, managers and employees of the employer, the individual  
15 proprietor or partners if the employer is an individual proprietor or  
16 partnership, the officers, managers and employees of subsidiary or affiliated  
17 corporations, the individual proprietors, partners and employees of  
18 individuals and firms, if the business of the employer and such individual or  
19 firm is under common control through stock ownership, contract or otherwise.  
20 The term "employees" as used herein shall be deemed to include retired  
21 employees. A policy issued to insure employees of a public body may provide  
22 that the term "employees" shall include elected or appointed officials.

23 2. Under a policy issued to an association, including a labor union,  
24 which shall have a constitution and bylaws and which has been organized and  
25 is maintained in good faith for purposes other than that of obtaining  
26 insurance, insuring at least twenty-five members, employees or employees of  
27 members of the association for the benefit of persons other than the  
28 association or its officers or trustees. The term "employees" as used herein  
29 shall be deemed to include retired employees.

30 3. Under a policy issued to the trustees of a fund established by two  
31 or more employers in the same industry or by one or more labor unions or by  
32 one or more employers and one or more labor unions, which trustees shall be  
33 deemed the policyholder, to insure employees of the employers or members of  
34 the unions for the benefit of persons other than the employers or the unions.  
35 The term "employees" as used herein shall be deemed to include the officers,  
36 managers and employees of the employer, and the individual proprietor or  
37 partners if the employer is an individual proprietor or partnership. The  
38 term "employees" as used herein shall be deemed to include retired employees.  
39 The policy may provide that the term "employees" shall include the trustees  
40 or their employees, or both, if their duties are principally connected with  
41 such trusteeship.

42 4. Under a policy issued to any persons or organizations to which a  
43 policy of group life insurance may be delivered in this state, to insure any  
44 class or classes of individuals that could be insured under such group life  
45 policy.

1           5. Under a policy issued to cover any other substantially similar  
2 group which, in the discretion of the director, may be subject to the  
3 issuance of a group disability policy or contract.

4           B. Nothing in this article validates any charge or practice illegal  
5 under any rule of law or regulation governing usury, consumer lender loans,  
6 retail installment sales or the like, or extends the application of any such  
7 rule of law or regulation to any transaction not otherwise subject thereto.