

NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

NOTICE OF PROPOSED RULEMAKING

TITLE 20. COMMERCE, FINANCIAL INSTITUTIONS AND INSURANCE

CHAPTER 6. DEPARTMENT OF INSURANCE

[R07-253]

PREAMBLE

- 1. Sections Affected**
R20-6-2201
- Rulemaking Action**
New Section
- 2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statute the rules are implementing (specific):**
Authorizing statute: A.R.S. § 20-143
Implementing statute: A.R.S. § 20-143
- 3. List all previous notices appearing in the Register addressing the proposed rules:**
Notice of Rulemaking Docket Opening: 13 A.A.R. 2454, July 6, 2007
- 4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:**
Name: Margaret McClelland
Address: Department of Insurance
2910 N. 44th St., 2nd Floor
Phoenix, AZ 85018
Telephone: (602) 364-3471
Fax: (602) 364-3470
E-mail: mmclelland@azinsurance.gov
- 5. An explanation of the rule, including the agency's reasons for initiating the rule:**
The Department proposes to adopt a new Article 22 and a new Section, R20-6-2201, in response to the U.S. Congress' direction in Section 9 of the Military Personnel Financial Services Protection Act (Pub. L. No. 109-290). The regulation sets forth standards to protect service members of the United States Armed Forces from dishonest and predatory insurance sales practices by declaring certain identified practices to be false, misleading, deceptive or unfair. The Department proposes to incorporate by reference the National Association of Insurance Commissioners (NAIC) Military Sales Practices Model Regulation for uniformity with the other states in response to Congress' direction in Section 9 of the Military Personnel Financial Services Protection Act (Pub. L. No. 109-290).
Specific Section-By-Section Explanation of This Proposal
R20-6-2201 incorporates the NAIC model by reference. The model regulation contains purpose of and authority for this rulemaking. It also contains exemptions, definitions, practices declared false, misleading, deceptive or unfair, and severability provisions.
The Department may request an immediate effective date under A.R.S. § 41-1032.
- 6. A reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study and other supporting material:**
LIFE INSURANCE SALES TO MEMBERS OF THE ARMED FORCES NAIC REPORT TO CONGRESS
March 29, 2007

Notices of Proposed Rulemaking

Available from the National Association of Insurance Commissioners, Publications Department, 2301 McGee St., Suite 800, Kansas City, MO 64108.

7. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business and consumer impact:

The rule in this Article is procedural and administrative in nature.

The persons who will be directly impacted by this rulemaking are insurers or insurance producers. The consumers directly impacted by this rulemaking are active duty service members of the United States Armed Forces who may realize monetary savings as a result of not being subject to false, misleading, deceptive and unfair sales practices. Except for active duty service members of the United States Armed Forces, this rulemaking should have no economic impact on consumers or on businesses, including small businesses, or political subdivisions.

The Department does not expect the rulemaking to have any economic impact on any other public agencies.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Margaret McClelland
Address: Department of Insurance
2910 N. 44th St., 2nd Floor
Phoenix, AZ 85018
Telephone: (602) 364-3471
Fax: (602) 364-3470
E-mail: mmclelland@azinsurance.gov

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

ADOI will hold an oral proceeding to receive public comments in accordance with A.R.S. § 41-1023 on August 27, 2007 at 10:00 a.m. at the Arizona Department of Insurance, 2910 N. 44th St., Phoenix, AZ, third floor training room. ADOI will accept oral or written comments that are received by 5:00 p.m. on August 29, 2007 or that are postmarked by that date to the person listed in item 4 or 9. The comment period will end and the record will close at 5:00 p.m. on August 29, 2007.

ADOI is committed to complying with the Americans with Disabilities Act. If any individual with a disability needs any type of accommodation, please contact ADOI at least 72 hours before the hearing.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

12. Incorporations by reference and their location in the rules:

Military Sales Practices Model Regulation in R20-6-2201

13. The full text of the rules follows:

TITLE 20. COMMERCE, FINANCIAL INSTITUTIONS, AND INSURANCE

CHAPTER 6. DEPARTMENT OF INSURANCE

ARTICLE 22. MILITARY PERSONNEL

Section

R20-6-2201. Military Sales Practices

ARTICLE 22. MILITARY PERSONNEL

R20-6-2201. Military Sales Practices

A. The Department incorporates by reference the National Association of Insurance Commissioners (NAIC) Military Sales Practices Model Regulation June 2007 (Model Regulation), and no future editions or amendments, which is on file with the Department of Insurance, 2910 N. 44th St., Phoenix, AZ 85018 and available from the National Association of Insurance Commissioners, Publications Department, 2301 McGee St., Suite 800, Kansas City, MO 64108.

Arizona Administrative Register / Secretary of State
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B. The Model Regulation is modified as follows:

1. In addition to the terms defined in the Model Regulation, the following definitions apply:
 - a. “Commissioner” means the Director of the Arizona Department of Insurance.
 - b. “Regulation” means Article.
2. Section 3 is modified to insert “A.R.S. § 20-106, 20-142 and 20-143” after “of.”
3. Section 7(E)(5)(b) is modified to insert “A.R.S. § 20-1241 et seq., R20-6-202, and R20-6-209” after “requirements of.”