

LIFE & HEALTH ADMINISTRATOR –ARIZONA REQUIREMENTS:

TOPIC - MATTER	FORMS	STATUTES	DETAILS
APPLICATION REQUIREMENTS			
Original Application and surcharge fee is \$195.00		A.R.S. §20-485.12(B)	Submit fee with completed application – Fee is non-refundable
Organization Application	Form 100	A.R.S. §20-485.12(B.10)	Must be completed, verified and notarized by an officer with capacity to do so.
Surety Bond of Administrator	Form L157	A.R.S. §20-485.10	Original document and related Power of Attorney; OR Assignment to Arizona State Treasurer (Form E150) for CD deposit; equivalent to: 10% of “total funds handled” (relating to Life & Health coverage on Arizona residents), or \$5,000 (whichever is greater). Funds handled include premiums collected for and/or claims paid on behalf of an “insurer.”
Financial Statement	Form 111	A.R.S. §20-485.12(B.1) (a & b)	Certified to be true and correct by two officers of the applicant (balance sheet and income statement including disclosure of Arizona funds handled); based on separate entity applicant; consolidated financial statements are not acceptable; must be current within <u>90 days of application filing date</u> .
Arizona Biographical Affidavit	Form E110	A.R.S. §20-485.12(B.5)	For each partner, officer and director, and on any individual owning 10% or more of the applicant company
Notice of Administrator’s Capacity	Original samples	A.R.S. §20-485.12(B.8)	Original samples of materials as issued to insureds and which identify the relationship of the insurer, the administrator, the policyholder and the insurer (policy, information booklet, brochure etc)
Executed Agreements	Administrative agreement	A.R.S. §20-485.01(A,B) A.R.S. §20-485.12(B.8) A.R.S. §20-485.03-10	Copy of executed Agreement with insurers. See also A.R.S. §20-485.12(F)
Organizational Chart	Company form	A.R.S. §20-485.12(B.3)	Including a statement and/or organization chart that identifies and describes the Applicant’s relationship with all affiliated entities, direct and indirect, including parent and all subsidiary entities.
Certified copy of Articles of Incorporation or current Partnership Agreement and By-laws.	Company form	A.R.S. §20-485.12(B.2) and 20-485.12(B.4)	Certified copy of Articles of Incorporation or current Partnership Agreement and Corporation By-laws. (or partnership operational plan)
Certificate of Good Standing	AZ Corp. Comm Form	A.R.S. §20-485.12(F)	For corporations domiciled outside of Arizona: an “original” Certificate of Good Standing issued by the Arizona Corporation Commission (contact 602-542-3135)
Narrative Description	Company form	Required in Form 100	Company’s description that includes details of the applicant’s capacity to collect premiums and administer claims; includes portion of applicant’s business plan that describes the operations pertaining to these activities (facilities, staff, AZ licenses held by any employee or agent of the applicant, extent of automated systems).

TOPIC - MATTER	FORMS	STATUTES	DETAILS
ANNUAL STATEMENT FILING REQUIREMENTS			
Filing Fee \$195.00		A.R.S. §20-485.12(E) A.R.S. §20-485.12(B)	Fee is not refundable
Financial Statement	Form 111 Request the form	A.R.S. §20-485.12(E)	File on or before March 1 of each year.
		Responsibility lies with the administrator to do this annually.	Administrator's current financial statement indicating current financial condition, transaction and affairs as of 12/31 of the calendar year.
			Disclose the total amount of Arizona Funds handled for the preceding year.
			Must be verified and notarized by at least two officers.
OTHER SPECIFICATIONS			
ERISA PLAN ADMINISTRATORS - Government plans/ school plans/ church plans/ and some employee plans are not ERISA - check statutes	Contact Department of Labor 1-800-998-7542	A.R.S. 20-485 A(1.n) A.R.S. 20-115 (F)	Are exempt - Arizona does not have jurisdiction over these plans. F. This section does not apply to or prohibit a self-insured program operated by a single employer for the benefit of its employees or the employees of a wholly-owned subsidiary.
WORKERS COMP - ADMINISTRATORS (ARE P&C ADJUSTERS)	Contact Industrial Commission 602-542-1839	A.R.S. 20-252.2 A.R.S. 20-321 A.R.S. 20-283.2	Casualty insurance includes Workers Comp. , employers liability for death, disability or injury of employees A Producer License is not required for - persons administering or performing administrative services related to mass-marketed property and casualty insurance (employer groups)
SERVICE AGREEMENT – ADMINSTRATORS	Require registration See Jack Curry 602-912-8466	R2V-6-407 A.R.S. §20-1095	Are not regulated by the Life & Health Division; Are a function of the Property & Casualty (see Jack Curry); service agreements are used in areas of warranty and extended warranty for goods and services (for consumers)
RESIDENT AND NON-RESIDENT ADMINISTRATORS			There is no distinction between resident and non-resident TPAs for licensing purposes. (reg. CorpComm)
ADMINISTRATIVE AGREEMENTS Written Agreement Required	Company form	A.R.S. §20-485.01(A,B)	The Administrative Agreements must contain the following provisions:
		A.R.S. §20-485.01(B)	That the insurer shall provide 15 days written notice to the Department of termination or cancellation or any other change in agreement
		A.R.S. §20-485.01(B)	That the insurer shall provide 30 days written notice to the administrator or termination or cancellation of the agreement
			Provisions to include the requirements of ARS 20-485.03 through 20-485.10, where

TOPIC - MATTER	FORMS	STATUTES	DETAILS
			applicable to the functions performed by the administrator.
		A.R.S. §20-485.03	Records Maintenance
		A.R.S. §20-485.04	Insurers Approval of Advertising
		A.R.S. §20-485.05	Underwriting Standards
		A.R.S. §20-485.06	Fiduciary duty & bank account
		A.R.S. §20-485.07	Payment of Claims
		A.R.S. §20-485.08	Delivery of Policies & Notices
		A.R.S. §20-485.09	Adjustment or Settlement of Claims
		A.R.S. §20-485.10	Deposit or Surety Bond
CONFLICT OF INTEREST		A.R.S. §20-485.11(C) A.R.S. §20-485.12(B.5)	C. The administrator or any employee of the administrator shall not directly or through control of any other person have an ownership interest in any insurer except as a shareholder of less than one per cent of the shares of any publicly owned insurer.
Ownership Interest in any Insurer		A.R.S. §20-485.11 (C)	The Administrator or any employee of the administrator shall not, either directly or indirectly, have an ownership interest in any insurer, except as a shareholder of less than 1% of the shares of any publicly owned insurer.
Commissions Prohibited		A.R.S. §20-845.11(C)	The Administrator or a principal of the administrator may not receive from an insurer, for the placement of insurance administered by the administrator, a commission whether in monetary or non-monetary form directly dependent upon the amount of such insurance. Note that the Department construes the retention of a percentage of premiums to be commission income.
Broker or Agent for policies it administers		A.R.S. §20-485.11(E)	If an administrator or an employee of the administrator acts directly or indirectly as an insurance agent or broker with respect to a policy it administers in Arizona, the administrator must provide the policyholder and the person insured under that policy with written notice of that relationship.
Agent for policies similar to a policy available in Arizona		A.R.S. §20-485.11(F)	If an administrator or an employee of the administrator acts directly or indirectly as an insurance agent with respect to an insurance policy available in Arizona that has substantially the same type of coverage as a policy it administers in this state, the administrator must provide the insurer for which it acts with written notice of the identity of the other insurer and its relationship to it.
Control Means		A.R.S. §20-485(3)	The direct or ultimate possession of the power to direct or cause the direction of the management and policies of a person whether through voting rights, contracts or otherwise...
Control Exists		A.R.S. §20-485(3)	If any person, directly or indirectly, owns, controls, holds with the power to vote or holds proxies representing 10% or more of the voting rights of any other person,

TOPIC - MATTER	FORMS	STATUTES	DETAILS
			including the right to elect or appoint the officers or directors of a nonprofit corporation.
COMPENSATION	Agreement	A.R.S. §20-485.09	Compensation to an administrator for any policy where such administrator adjusts or settles claims shall in no way be contingent on claim experience. Compensation of an administrator <u>based on premiums, charges collected or number of claims paid or processed is not prohibited.</u>
NOTICE OF ANY CHANGES	Company letter	A.R.S. §§ 20-485.11(A), 20-485.11(C), 20-485.01(A), 20-485.01(B), 20-485.12(F) &(I)	The administrator must provide the Department with written notice of any changes within 30 days after the changes become effective. See Form 100 and also ARS.
NET WORTH REQUIREMENT	Form 111	A.R.S.§ 20-485.	State requires applicant or licensee to establish they are solvent before issuing a license
UTILIZATION REVIEW STATUTE		A.R.S. §20-2501 et seq.	Arizona has a utilization review statute applicable to HMOs, Insurers, and Utilization Review Firms with exemptions for hospital UR firms, workers' compensation programs, and ERISA plans. Licensing is required every three years; Applicable fees.