

## **ARIZONA**

→ **Arrow indicates an update for 2017**

### **LAWS AND RULES**

Arizona Revised Statutes (“ARS”) are accessible from the “Legislative Council” menu on the Arizona State Legislature web site ([www.azleg.gov](http://www.azleg.gov)). Most insurance laws are contained within Title 20.

Arizona Administrative Code (“AAC”) is accessible from the “Rules” menu on the Arizona Secretary of State web site ([www.azsos.gov](http://www.azsos.gov)). Most insurance-related rules are contained within Title 20, Chapter 6.

### **PREMIUM TAX**

Tax forms and instructions are available from the Department of Insurance “Taxes” web page (<https://insurance.az.gov/insurers/taxes>).

#### **Premium Tax Base:**

→ ARS § 20-206(B) Previously Authorized Insurers

An insurer not transacting new business in Arizona is subject to premium tax requirements, but does not need a certificate of authority to collect premiums for, or to service, policies remaining in force for residents or risks residing in Arizona

#### **§ 20-224 Authorized Insurers**

Total direct premium income including policy membership and other fees and all other considerations for insurance from all classes of business whether designated as a premium or otherwise received by the insurer during the preceding calendar year on account of policies and contracts covering property, subjects or risks located, resident or to be performed in Arizona, after deducting applicable cancellations, returned premiums, the amount of reduction in or refund of premiums allowed to industrial life policyholders for payment of premiums direct to an office of the insurer and all policy dividends, refunds, savings coupons and other similar returns paid or credited to policyholders within Arizona and not reapplied as premiums for new, additional or extended insurance. No deduction shall be made of the cash surrender values of policies or contracts.

#### **§ 20-837 Hospital, Medical, Dental and Optometric Service Corporations**

Net premiums received to effect or maintain subscription contracts.

#### **§ 20-1010 Prepaid Dental Plan Organizations**

Prepaid net charges received from members.

Premium Tax Base (cont.)

§ 20-1060; AAC R20-6-405(L) Health Care Services Organizations

Net charges received from enrollees. Net charges are the total of all sums prepaid by or for all enrollees, less approved refunds, adjustments and deductions, as consideration for health care services of a health care plan under an evidence of coverage.

§ 20-1097.07 Prepaid Legal Insurance Corporations

Taxes as prescribed by § 20-224.

§ 20-2403(C) Foreign Risk Retention Groups

Premiums of direct business for risks resident or located in Arizona on the same basis as a foreign admitted insurer.

§ 23-961(G) Workers' Compensation Insurance

Premiums collected or contracted for during the preceding year ending December 31 less deductions for cancellations, returned premiums, policy dividends, or refunds paid or credited to policyholders that are not reapplied for new, additional or extended insurance. Paid to the Arizona Industrial Commission in lieu of insurance premium tax.

Tax Rate:

§ 20-224

“Base rate” applicable to authorized insurers and formerly authorized insurers subject to § 20-206(B), except as otherwise specified.

CY 2015 and before	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021 & after
2.00%	1.95%	1.90%	1.85%	1.80%	1.75%	1.70%

In lieu of base rate, 2.2% for fire insurance premiums, except 0.66% for fire insurance premiums on property located in an incorporated town or city certified by the state fire marshal pursuant to § 9-951, subsection B, as procuring the services of a private fire company. (Since Jan. 1, 2007, Carefree and Fountain Hills have been the only incorporated cities or towns procuring services of a private fire company.)

Starting with tax reports filed for 2015, “fire insurance” consists of 100% of fire, 40% of commercial multiple peril non-liability (property), 35% of homeowners’ multiple peril, 25% of farmowners’ multiple peril and 20% of allied lines.

0% of annuity considerations

2.00% disability

Tax Rate (cont.)

§ 20-224.01

0.4312% additional premium tax on insurance covering vehicles

“Vehicles” means a device in, on or by which a person or property is or may be transported or drawn on a public highway, excluding devices moved by human power or used exclusively on stationary rails or tracks. See § 28-101.

§ 20-837

2.00% hospital, medical, dental & optometric service corporation

§ 20-883

0% fraternal benefit societies

§ 20-1010

2.00% pre-paid dental plan organization

§ 20-1060

2.00% health care services organization

§ 20-1097.07

Base rate prescribed under § 20-224.

§ 20-1566

0% title insurer premium tax. Title insurers pay corporate income tax to Arizona Department of Revenue ([www.azdor.gov](http://www.azdor.gov)) in lieu of insurance premium tax, but are subject to retaliation (payable to the Arizona Department of Insurance) to the extent the domicile’s premium tax rate multiplied times the insurer’s Arizona risk premiums is greater than the net income tax the insurer paid to the Arizona Department of Revenue.

§ 20-2304(J)

0% for accountable health plan net premiums received for health benefit plans issued to small employers. See definitions for “accountable health plan,” “health benefits plan” and “small employer” in § 20-2301(A).

§ 20-2403(C)

Risk retention group same as for a foreign admitted insurer.

## Tax Rate (cont.)

→ §§ 23-961(G); 23-1065(A) and (F)\*

Workers' compensation insurance premium tax assessments, payable to the Industrial Commission of Arizona (<http://www.azica.gov>) consisting of the following components:

Description	CY 2017 Rate	CY 2016 Rate	CY 2015 Rate	CY 2014 Rate	CY 2013 Rate
Administrative Fund tax § 23-961(G)	2.25%	1.50%	1.50%	1.75%	2.75%
"No insurance tax" to pay insolvent carrier/employer claims § 23-966(D)* Abolished	N/A	N/A	N/A	0.36%	0.50%
"Special Fund tax" to pay for vocational rehabilitation for persons sustaining industrial injuries § 23-1065(A)	0.00%	0.00%	0.58%	1.14%	1.25%
"Apportionment tax" to pay for vocational rehabilitation for persons sustaining industrial injuries § 23-1065(F)	0.00%	0.00%	0.17%	0.25%	0.50%
<b>TOTAL</b>	<b>2.25%</b>	<b>1.50%</b>	<b>2.25%</b>	<b>3.50%</b>	<b>5.00%</b>

\*Laws 2014, Ch. 186 transferred administration of workers' compensation claims for insolvent insurers to the Arizona Property and Casualty Insurance Guaranty Fund, and changed statutes pertaining to assessments levied by the Industrial Commission of Arizona.

Other Taxes and Assessments:

## § 20-226 Insurers

Taxes paid pursuant to § 20-224 are in lieu of all other demands for state, county, district, municipal and school taxes, licenses and excises except for fees prescribed in ARS Title 20; taxes on real and tangible personal property located in Arizona; and state, county, city or town transaction privilege and use taxes.

## § 20-1566 Title Insurers

Income tax paid by title insurers pursuant to § 20-1566(A) in lieu of all other demands for state, county, district, municipal and school taxes, licenses and excises except for fees prescribed in ARS Title 20, Chapter 1, Article 2; and taxes on real and tangible personal property located in Arizona. Title insurers are subject to retaliation per § 20-230.

## Other Taxes and Assessments (cont.)

## § 20-466(J) Fraud Unit Assessment

The director shall annually assess each insurer, hospital service corporation, health care services organization, prepaid dental plan organization and service company authorized to transact business up to \$1,050 for the administration and operation of the fraud unit, which may be adjusted annually. Assessments are levied July of each year.

2017 Per-Insurer Amount	2016 Per-Insurer Amount	2015 Per-Insurer Amount	2014 Per-Insurer Amount	2013 Per-Insurer Amount
\$1,050.00	\$1,050.00	\$1,050.00	\$700.00	\$700.00

## § 20-666 Property and Casualty Insurance Guaranty Fund

The Fund board may assess each member insurer up to 1% of direct written premiums for kinds of insurance in account with insolvency and not more than \$200 per year for operating expenses of the board. *The retaliation provisions of § 20-230 do not apply to assessments on or credits to insurers for the payment of claims of policyholders of insolvent insurers.*

2017 Aggregate Amount	2016 Aggregate Amount	2015 Aggregate Amount	2014 Aggregate Amount	2013 Aggregate Amount
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## § 20-686 Life and Health Insurance Guaranty Fund

The fund board may assess each member insurer, separately for each account, a Class-A assessment for the purpose of meeting administrative costs and other general expenses not related to a particular impaired insurer and a Class-B assessment to carry out the powers and duties of the fund with regard to an impaired insurer. The total of all assessments upon a member insurer for each account shall not in any one calendar year exceed 2% of premiums in Arizona on the policies covered by the account. *The retaliation provisions of § 20-230 do not apply to assessments on or credits to insurers for the payment of claims of policyholders of insolvent insurers.*

2017 Aggregate Amount	2016 Aggregate Amount	2015 Aggregate Amount	2014 Aggregate Amount	2013 Aggregate Amount
To be determined	\$0.00	\$0.00	\$0.00	\$0.00

## Other Taxes and Assessments (cont.)

## § 20-2201(D) Liability Insurance Voluntary Plan Administration Assessment

The director may annually assess insurers authorized to transact liability insurance up to \$200 for the costs of administering the voluntary plan.

2017 Per-Insurer Amount	2016 Per-Insurer Amount	2015 Per-Insurer Amount	2014 Per-Insurer Amount	2013 Per-Insurer Amount
\$0.00	\$0.00	\$200.00	\$200.00	\$200.00

## § 20-2212(B) Liability Insurance Joint Underwriting Association; Deficit Assessment

The JUA may assess each member up to 1% of its net direct premium in Arizona attributable to the line of insurance for which the deficit assessment is made.

2017 Aggregate Amount	2016 Aggregate Amount	2015 Aggregate Amount	2014 Aggregate Amount	2013 Aggregate Amount
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## § 20-2213(A) Liability Insurance Joint Underwriting Association; Initial Assessment

An initial assessment of up to \$500 may be imposed upon each member to defray the initial operating expenses. The initial assessment may be refunded by the association.

2017 Per-Insurer Amount	2016 Per-Insurer Amount	2015 Per-Insurer Amount	2014 Per-Insurer Amount	2013 Per-Insurer Amount
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

## § 20-2541(1) Health Care Appeals Fund; Single Fee

The director may assess each authorized health care insurer a single fee of not more than \$200 per insurer. This assessment was only levied at the outset of the department's health care appeals program in Calendar Year 2000.

## Other Taxes and Assessments (cont.)

## → § 20-2541(2) Health Care Appeals Fund Annual Assessment

The director may also assess up to \$200 each year for administrative costs for implementing and maintaining the external independent review process, including processing and payment of claims through the health care appeals fund.

2017 Per-Insurer Amount	2016 Per-Insurer Amount	2015 Per-Insurer Amount	2014 Per-Insurer Amount	2013 Per-Insurer Amount
\$150.00	\$125.00	\$125.00	\$125.00	\$130.00

## § 41-3451(J) Automobile Theft Authority Fund; Semiannual Fees

Each insurer issuing motor vehicle liability insurance policies shall pay to the Arizona Automobile Theft Authority a semiannual fee of 50 cents per vehicle insured under a motor vehicle liability insurance policy issued by the insurer. The fee shall be fully earned and nonrefundable at the time the insurer collects the premium for the motor vehicle liability insurance policy.

Insurers must transmit fees to the Arizona Automobile Theft Authority by Jan. 31 for vehicles insured under policies issued during the immediately preceding July 1 through Dec. 31, and by July 31 for vehicles insured under policies issued during the immediately preceding Jan. 1 through June 30.

2017 Per-Vehicle Amount	2016 Per-Vehicle Amount	2015 Per-Vehicle Amount	2014 Per-Vehicle Amount	2013 Per-Vehicle Amount
\$0.50	\$0.50	\$0.50	\$0.50	\$0.50

Exclusions and Deductions:

## § 20-224 Annuities and Unabsorbed Premium Deposit

Considerations received on annuity contracts, as well as the unabsorbed portion of any premium deposit, shall not be included in total direct premium income, and neither shall be subject to tax.

## → § 20-837 Service Corporation Tax Exemptions

No premium tax applies to premiums a service corporation receives as administrative or fiscal agent for national, state or municipal government or any political subdivision thereof, or to premiums received from funds of national, state or municipal government or any political subdivision thereof.

## Exclusions and Deductions (cont.)

## § 20-883 Fraternal Benefit Societies

Fraternal are exempt from the payment of premium taxes (but foreign/alien fraternal are subject to retaliation).

## § 20-1060(C) Medicare Payments

Payments received by health care services organizations from the secretary of health and human services pursuant to Medicare contracts are not taxable.

## § 20-2304(J) Accountable Health Plan Small Group Business

Premiums received for health benefits plans issued to small employers by accountable health plans are exempt from tax. See definitions for “accountable health plan,” “health benefits plan” and “small employer” in § 20-2301(A).

Credits:

## → § 20-167(D) Domestic Stock Life or Disability Insurer Tax Credit

Repealed by Laws 2017, Ch. 299 (House Bill 2528). Each domestic stock life or disability insurer that pays a renewal fee for a certificate of authority is entitled to a premium tax credit against its premium tax liability.

2017 Credit Amount	2016 Credit Amount	2015 Credit Amount	2014 Credit Amount	2013 Credit Amount
N/A	\$567.50	\$567.50	\$567.50	\$567.50

## §§ 20-224.03; 41-1525 Quality Jobs Tax Credit

An insurer located in Arizona that makes required levels of capital investment and creates the required number of new qualified employee positions is allowed a tax credit against the premium tax for net increases in full-time employees hired in qualified employment positions (“QEPs”) as certified by the Arizona Commerce Authority. The tax credit is \$3,000 for each full-time employee hired for the full taxable year in a QEP in each of the first three years of employment, but not more than 400 employees in any taxable year. A credit is allowed for employment in the second and third year only for QEPs for which a credit was claimed and allowed in the first year. To qualify for a credit, the insurer must file information by or before deadlines specified in §§ 20-224.03(J) and 41-1525. If the allowable tax credit exceeds the state premium tax liability, the amount of the claim not used as an offset may be carried forward as a tax credit against the subsequent years’ premium tax liability for a period not exceeding five taxable years. Credits cannot be applied to taxes due on fire insurance premiums or any additional tax due on vehicle insurance premiums. *An insurer that claims a tax credit against state premium tax liability is not required to pay any additional retaliation under § 20-230 as a result of claiming the tax credit.*



Credits (cont.)

→ § 20-224.04 Premium Tax Credit for Increased Employment in Military Reuse Zones

Repealed by Laws 2017, Ch. 299 (House Bill 2528).

→ § 20-224.05 Premium Tax Credit for Health Insurance Certificates Submitted by Qualified Persons

Annual tax credit allowed against the premium tax liability incurred by a health care insurer pursuant to §§ 20-224, 20-837 or 20-1060 for an individual or a small business that both, received a certificate from the Arizona Department of Revenue pursuant to § 43-210 and obtained health insurance from a health care insurer within 90 days after the date the certificate was issued. Eligibility for the credit is based on the period during which when health insurance coverage became effective (not the date the Arizona Department of Revenue issued the certificate). *An insurer cannot claim credit associated with tax-exempt premium. An insurer is not required to pay any additional retaliation under § 20-230 as a result of claiming the tax credit for health insurance certificates.*

For coverage issued to an individual, the amount of the credit is the lesser of:

- \$1,000 for coverage on a single person,
- \$500 for coverage on a child, or
- \$3,000 for family coverage, or
- 50% of the health insurance premium.

For coverage issued to a small business, the amount of the credit is the lesser of:

- \$1,000 for coverage on a single person, or
- \$3,000 for each employee who elects family coverage, or,
- 50% of the health insurance premium.

§ 20-224.06 Premium Tax Credit for Contributions to School Tuition Organization

A credit is allowed against the premium tax liability incurred by an insurer pursuant to §§ 20-224, 20-837, 20-1010, 20-1060 or 20-1097.07 for the insurer's voluntary cash contributions made during the tax year to a school tuition organization. The credit is only available for insurer contributions for the tax year that are preapproved by the Arizona Department of Revenue pursuant to § 43-1183(D). Procedures, conditions, limitations, definitions and other requirements are prescribed in § 43-1183. Unused credits may be carried forward for a period of five tax years. A credit is not allowed if the insurer designates the contribution for the direct benefit of any specific student. *An insurer that claims a tax credit against state premium tax liability is not required to pay any additional retaliation under § 20-230 as a result of claiming the tax credit.*

Credits (cont.)

§ 20-224.07 Premium Tax Credit for Contributions to School Tuition Organization (Displaced Students or Students with Disabilities)

A credit is allowed against the premium tax liability incurred by an insurer pursuant to §§ 20-224, 20-837, 20-1010, 20-1060 or 20-1097.07 for the insurer's voluntary cash contributions made during the tax year to a school tuition organization. The credit is only available for insurer contributions for the tax year that are preapproved by the Arizona Department of Revenue pursuant to § 43-1184(D). Procedures, conditions, limitations, definitions and other requirements are prescribed in § 43-1184. Unused credits may be carried forward for a period of five tax years. A credit is not allowed if the insurer designates the contribution for the direct benefit of any specific student. *An insurer that claims a tax credit against state premium tax liability is not required to pay any additional retaliation under § 20-230 as a result of claiming the tax credit.*

§ 20-674 (B) and (F) Property and Casualty Guaranty Fund Assessments Offsets

Guaranty fund assessments may be offset against premium tax at the rate of 20% per year for five years beginning with the calendar year in which the assessment was collected. In no event may the total amount of the offset exceed 100% of each assessment. There is no carry forward for allowable offsets that exceed the annual tax liability. *The retaliation provisions of § 20-230 do not apply to assessments on or credits to insurers for the payment of claims of policyholders of insolvent insurers. As of August 1, 2017, no assessment has been levied in the current or preceding four calendar years; therefore, no credit currently applies.*

§ 20-692 (B) and (E) Life and Health Guaranty Fund Assessment Offsets

Guaranty fund assessments may be offset against premium tax at the rate of 20% per year for five years beginning with the calendar year in which the assessment was collected. In no event may the total amount of the offset exceed 100% of each assessment. There is no carry forward for allowable offsets that exceed the annual tax liability. *The retaliation provisions of § 20-230 do not apply to assessments on or credits to insurers for the payment of claims of policyholders of insolvent insurers. As of August 1, 2017, no assessment has been levied in the current or preceding four calendar years; therefore, no credit currently applies.*

§ 20-2212(C) Joint Underwriting Association Deficit Assessment Tax Credits

Any member of the association subject to a deficit assessment pursuant to § 20-2212(B) in any one calendar year shall be allowed a premium tax credit beginning in the following calendar year, at the rate of 20% per year for five years. No assessment has been levied during the past five years; therefore, no credit currently applies.

Payment Due Dates:

§§ 20-224; 20-837; 20-1010; 20-1060; 20-1097.07; 20-2403

Annual tax report and payment due March 1.

Payment Due Dates (cont.)

→ § 20-224(F)

Any insurer required to pay a tax of \$50,000 or more on net premiums received during the preceding calendar year, shall pay 15% of the amount paid or required to be paid during the preceding calendar year, on or before the 15th of each month from March through August (hereafter “installment tax payments”).

→ § 20-224(K)

Beginning January 1, 2018, the director may require that premium tax reports and payments be submitted electronically. If the director requires electronic submission, the director shall include on the Department’s web site a list of one or more acceptable third-party services through which an insurer may submit reports and payments.

Accordingly, beginning January 1, 2018, the director requires insurers to submit tax reports and payments, including installment tax payments, using the NAIC OPTins system, whether directly at [www.optins.org](http://www.optins.org), or through an authorized business partner of the NAIC.

→ § 20-225

Late payment of tax is subject to a civil penalty equal to the greater of \$25 or 5% of the amount paid late plus interest at the rate of 1% per month from the date the tax was due. The director shall revoke the certificate of authority for failure to pay tax for more than 30 days after it was due.

No penalty applies with respect to any payment of tax or interest that is late due to delays caused by a third-party service designated by the director pursuant to § 20-224(K).

Extensions:

No specific provision for extension.

Retaliatory Law:

§ 20-230

When by or pursuant to the laws of any other state any premium or income or other taxes, or any fees, fines, penalties, licenses, deposit requirements or other material obligations are, in the aggregate, in excess of those Arizona applies to similar insurers domiciled in other states, a retaliatory amount is due. Any tax, license or other obligation imposed by any city, county or other political subdivision is deemed to be imposed by the state. Does not apply to ad valorem, taxes on real or personal property, or personal income taxes or to assessments on or credits to insurers for the payment of claims of policyholders of insolvent insurers. Does not apply to foreign/alien insurers whose domicile will not impose retaliatory taxes on Arizona insurers or provides an exemption from retaliatory taxes on a reciprocal basis to insurers that are domiciled in Arizona and doing business in the other state or country (Hawaii, Massachusetts, Minnesota, New York and Rhode Island). AAC R20-6-205 prescribes the method and administration of the addition to the rate of tax for calculation of the burden of any tax, license or other obligation imposed by any city,

county or other political subdivision of a state or foreign country on Arizona insurers on an aggregate statewide or countrywide basis.

The Arizona Department of Insurance makes available on its Internet web site an *Arizona Retaliatory Guide*, which describes the specific calculations and entries insurers from each domicile are expected to make on the retaliation portion of their Arizona insurance premium tax filings.

#### § 20-1566 Taxation of Title Insurers

The provisions of § 20-230 shall operate to require foreign title insurers to pay only the amount of net premium tax that is in excess of the net income tax actually paid to Arizona for the same calendar year by the title insurer.

#### AAC R20-6-205 Local or Regional Retaliatory Tax Information

For each foreign country or other state having one or more local or regional tax on Arizona domestic insurers, the department of insurance shall calculate on a statewide or foreign countrywide basis an addition to the rate of tax. The department shall compute the rate of tax payable by Arizona life insurers separately from the rate of tax payable by other Arizona insurers. The addition to the rate of tax payable by each category of Arizona domestic insurers shall be the quotient of the aggregate local or regional taxes reported as paid to the foreign country or other state by domestic insurers in each category for the calendar year covered by the premium tax and fees report divided by the aggregate statewide or foreign countrywide premiums taxed under the premium taxing statute of the other state or foreign country reported by domestic insurers in each category for the calendar year covered by the premium tax and fees report. Each foreign or alien insurer domiciled in a foreign country or other state for which the department publishes an addition to the rate of tax shall include in the "State or Country of Incorporation" column of its retaliatory taxes And fees worksheet for the calendar year covered by its premium tax and fees report an amount equal to the total premiums received in Arizona that would be taxed under the laws of the domiciliary jurisdiction, as reported in the "State or Country of Incorporation" column of its premium tax and fees report multiplied by the applicable addition to the rate of tax published by the department for the calendar year covered by the insurer's premium tax and fees report.

### **FEES**

#### § 20-167(A)

Fees are nonrefundable upon receipt.

#### § 20-167(F)

Fees are subject to revision effective July 1 if prior fiscal-year fees are not between 95% and 110% of the current fiscal year appropriated budget. *Successive session laws since 2005 have suspended changes to the fee schedule.*

## Insurers' Fees:

## § 20-167(A)

Fee Category	Fees effective through 6/30/2018
<b>UCAA expansion applications</b>	
• Certificate of authority issuance:	
○ Fraternal benefit society	\$30
○ Medical or hospital service corporation, prepaid dental, health care services organization, or domestic benefit insurer	75
○ Mechanical reimbursement reinsurer	300
○ All other insurers	195
• Original charter documents, articles of incorporation, bylaws, record of organization	75
• Articles of incorporation and all amendments (not applicable to reciprocal insurance exchanges): <i>Filed with the Arizona Corporation Commission</i>	175
• Insurance Examiners' Revolving Fund deposit (refunded upon termination of the certificate of authority)	100
<b>UCAA amendment applications</b>	
• Certificate of authority issuance:	
○ Fraternal benefit society	30
○ Medical or hospital service corporation, prepaid dental, health care services organization, or domestic benefit insurer	75
○ Mechanical reimbursement reinsurer	300
○ All other insurers	195
• Amended charter document filing	30
• Articles of incorporation and all amendments (not applicable to reciprocal insurance exchanges): <i>Filed with the Arizona Corporation Commission</i>	175
<b>Certificate of Authority renewal:</b>	
Fraternal benefit society	30
Medical or hospital service corporations, prepaid dental, health care services organization, or domestic benefit insurer	75
Domestic stock life and disability insurers, only or either	1,500
Domestic life, disability, or life and disability reinsurer	4,500
Unaffiliated credit life and disability reinsurer	4,500
Mechanical reimbursement reinsurer	4,500
All other insurers	135
<b>Annual Statement filing:</b>	
Exempt insurer transacting life/disability or annuity business per § 20-401.05	87.50
All others	300

Insurers' Fees (cont.)

**Appointments and terminations, § 20-230(A)**

Arizona does not charge fees for appointments or terminations. Insurers domiciled in states that charge appointment fees, appointment renewal fees or termination fees must report for retaliation purposes the number of Arizona licensed insurance producers the insurer began utilizing, continued to utilize or ceased utilizing during the year, and must include in the insurer's retaliation calculation the fees that the insurer's domicile would have charged an Arizona insurer for the appointments, appointment renewals and appointment terminations for those insurance producers.

**Captive insurers, AAC R20-6-2002**

Fee Category	Fees effective through 6/30/2018
<b>Captive insurer certificate of authority issuance:</b>	
Captive insurer	\$1,000
Additional fee for each protected-cell participant contract	1,000
<b>Captive insurer certificate of authority renewal:</b>	
Captive insurer	5,500
Additional fee for each protected-cell participant contract	2,500
<b>Captive insurer certificate of authority amendment</b>	
	200

→ Producer Licensing Fees:

Licensee is responsible for payment, but anyone (including an insurer) is allowed to pay the fee for the licensee. Insurers domiciled in states that *require* the insurer to pay producer license and renewal fees must include the product of the number of Arizona insurance producers authorized to offer the insurer's products in Arizona times the license/renewal fee that the insurer's domicile would charge.

Fee Category	Fees effective through 6/30/2018
<b>Licenses for insurance professionals:</b>	
Surplus lines broker's license, license term of 2 to 4 years §§ 20-167(A)(10)(a), 20-411(F)	\$1,000
Surplus lines broker's license, license term of less than 2 years §§ 20-167(A)(10)(a), 20-411(F)	500
Life settlement broker's license, license term of 2 to 4 years § 20-3202(F)	500
Life settlement broker's license, license term of less than 2 years § 20-3202(F)	250
All other licenses, quadrennially (fee per license class) § 20-167(A)(10)(a)	120

## Producer Licensing Fees (cont.)

Fee Category	Fees effective through 6/30/2018
<b>Licenses for insurance professionals (cont.):</b>	
Authority to sell insurance using mechanical vending machines § 20-167(A)(4)	\$60
Late renewal fee § 20-289(E)	100
Fingerprint card processing fee (applicable to Arizona residents and non-resident adjusters whose home state does not issue adjuster licenses) § 41-1750(L)* *Subject to change at any time by the Federal Bureau of Investigation.	22
Letter of certification/clearance § 20-167(A)(11)	3

**Pre-license examinations:**

The State of Arizona has contracted with Prometric ([www.prometric.com/Arizona](http://www.prometric.com/Arizona)) to administer insurance examinations to prospective license candidates. The fees for prelicense examinations are payable directly to Prometric. § 20-167(E).

**Miscellaneous:**

Statute and Description of Fee	Fees effective through 6/30/2018
Certificate of registration as an administrator § 20-167(A)(3)	\$195
Service company permit § 20-167(A)(5)	300
Application for motor vehicle service contract program approval § 20-167(A)(6)	300
Life care contract application or annual report § 20-167(A)(7)	450
Fee accompanying service of process upon director § 20-167(A)(11)	15
Certificate of director, under seal § 20-167(A)(11)	3
Copy of document filed in director's office, per page, noncommercial § 20-167(A)(11)	0.60
Copy of filed document, commercial purpose, per page § 39-121.03(A)	\$1.55
Life settlement provider certificate of authority (perpetual) § 20-3202(B)	1,000

Miscellaneous (cont.)

→ **DEPOSITS**

<b>Citation</b>	<b>Requirements for Domestic Insurers</b>	<b>Requirements for Foreign Insurers</b>
§ 20-213 All Insurers Except as Otherwise Specified	<p><b>Amount:</b> \$500,000, certified by official in possession of assets.</p> <p>Stock insurer: Cash or securities in an amount not less than the minimum required capital stock.</p> <p>Mutual or reciprocal insurer: Not less than the minimum required basic surplus.</p> <p>Life and disability insurer: Cash, surety bonds, or securities equal to the greatest of minimum required capital stock or minimum required basic surplus, 2/3 of the aggregate reserves, or 25% of the earned premium of the prior year.</p>	In lieu of deposit, director shall accept proper certificate from any other state that like deposit is being maintained.
§ 20-828 Service Corporation	<p><b>Amount:</b> \$200,000 if newly formed; in each succeeding year, an additional 2% of the gross subscriptions collected during the preceding year until deposit reaches \$500,000.</p> <p><b>Form:</b> Certificate of deposit or eligible book-entry securities.</p>	No provision
§ 20-1005 Prepaid Dental Plan Organization	<p><b>Amount:</b></p> <ul style="list-style-type: none"> <li>• 5,000 or fewer members: \$25,000</li> <li>• 5,001 to 7,500 members: \$30,000</li> <li>• 7,501 to 10,000 members: \$50,000</li> <li>• 10,001 to 15,000 members: \$75,000</li> <li>• 15,001 to 20,000 members: \$100,000</li> <li>• 20,001 to 25,000 members: \$125,000</li> <li>• 25,001 to 30,000 members: \$150,000</li> <li>• 30,001 to 40,000 members: \$175,000</li> <li>• Over 40,000 members: \$200,000</li> </ul> <p>Does not apply when funded by a federal, state or municipal government or political subdivision or body with evidence of operational commitments equivalent to the required deposit.</p>	Same as for domestics
§ 20-1097.03 Prepaid Legal	<p><b>Amount:</b> \$500,000</p> <p>Cash, eligible securities or surety bond.</p>	No provision
§ 20-1563 Title	Amount: \$250,000 plus \$50,000 for each state or territory other than state of domicile in which it shall be qualified to engage in business, up to \$750,000.	Same as for domestics



Citation	Requirements for Domestic Insurers	Requirements for Foreign Insurers
§§ 20-1722 Health care insurers	<b>Amount:</b> \$300,000.	No provision
§ 23-961 Workers' Compensation	<b>Amount:</b> Greater of \$100,000 or the sum of aggregate computations less credits for approved reinsurance.	Same as for domestics

## CONTACT PERSONS

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- Forms and instructions for insurance premium taxes and credits

**Cary Cook, Chief Financial Compliance Officer**, (602) 364-3986, [ccook@azinsurance.gov](mailto:ccook@azinsurance.gov)

- Insurer admission application requirements, fees and deposits
- Certificate of authority amendment requirements
- Charter file amendments
- Trust deposit procedures and forms

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- Annual Statement filing instructions and fees

**Mary Jordan, Business Services Supervisor**, (602) 364-2459, [mjordan@azinsurance.gov](mailto:mjordan@azinsurance.gov)

- Insurer assessments

Every effort has been made to make this information as correct and complete as possible, but for specific issues the reader should check the statutes cited. This summary has been prepared by the NAIC and reviewed by the state's insurance department and/or tax department for accuracy. All decisions on legal interpretation are made by state officials, so the reader should contact the above for further information.