ARIZONA HOUSE OF REPRESENTATIVES
Fifty-fifth Legislature - First Regular Session

COMMITTEE ON COMMERCE

Report of Regular Meeting
Tuesday, March 2, 2021
House Hearing Room 3 -- 2:00 P.M.

MINUTES RECEIVED
CHIEF CLERK'S OFFICE
3-3-21

Convened 2:02 P.M.
Recessed
Reconvened
Adjourned 3:19 P.M.

Members Present
Ms. Butler
Mr. Chaplik
Mr. Cook
Mrs. Fernandez
Mr. Meza
Ms. Nutt
Ms. Powers Hannley
Mr. Toma
Mr. Kaiser, Vice-Chairman
Mr. Weninger, Chairman

Members Absent
Mr. Espinoza
Mr. Wilmeth

Agenda
Original Agenda – Attachment 1

Request to Speak
Report – Attachment 2

Committee Attendance
Report – Attachment 3

Committee Action

Bill	Action	Vote	Attachments
SB1044	DP	8-2-0-0	4, 5
SB1062	DP	6-4-0-0	6, 7
SB1151	DP	10-0-0-0	8, 9

Iris McMahon, Committee Secretary
March 3, 2021

(Original attachments on file in the Office of the Chief Clerk; video archives available at http://www.azleg.gov)

REVISED - 2/25/21 **REVISED - 2/25/21** **REVISED - 2/25/21**

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-fifth Legislature - First Regular Session

Convened: 2:02pm

REGULAR MEETING AGENDA

Adjourned: 3:19pm

COMMITTEE ON COMMERCE

DATE Tuesday, March 2, 2021 ROOM HHR 3 TIME 2:00 P.M.

This meeting will be held via teleconference software. Members of the public may access a livestream of the meeting here: https://www.azleg.gov/videoplayer/?clientID=6361162879&eventID=2021031006

Members:

Mr. Chaplik	Mr. Meza	~~Mr. Wilmeth~~ MR. TOMA
Mr. Cook	Ms. Nutt	Mr. Kaiser, Vice-Chairman
~~Mr. Espinoza~~ MS. BUTLER	Ms. Powers Hannley	Mr. Weninger, Chairman
Mrs. Fernandez		

Bills		Short Title	Strike Everything Title
SB1044	DP	credit for reinsurance	
		(Livingston)	
	8-2-0-0	COM, RULES	
SB1062	DP	engineering definitions	
		(Mesnard)	
	6-4-0-0	COM, RULES	
~~SB1064~~		~~contractor license numbers; advertising; exception~~	
		~~(Mesnard)~~	
		~~COM, RULES~~	
SB1151	DP	contracts; licensure requirements; exemption; exclusion.	
		(Shope)	
	10-0-0-0	COM, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

Pursuant to Committee Rule (2). Any person desiring to be heard concerning legislation remotely shall email that request to (HouseCOM@azleg.gov) at least 24 hours, excluding weekends and holidays, in advance of committee, if practicable. The request must state the bill the person desires to present arguments upon, and whom the person represents. Timely requests will receive a response that includes meeting access information to participate in the committee remotely. Sharing meeting access information with unauthorized users may result in being prohibited to participate remotely in future legislative hearings. The request to participate remotely via teleconference shall be in addition to requesting to speak via the Request to Speak system (https://apps.azleg.gov/requesttospeak/topicsearch). Persons desiring to testify remotely shall indicate that the participation is remote within the comments of the Request to Speak system.

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032 or through Arizona Relay Service 7-1-1.

Attachment 1

Information Registered on the Request to Speak System

House Commerce (3/2/2021)

SB1044, credit for reinsurance

Testified in support:

J. Michael Low, AMERICAN COUNCIL OF LIFE INSURERS (ACLI), PRUDENTIAL FINANCIAL INC

Support:

Stephen Briggs, AZ DEPT OF INSURANCE AND FINANCIAL INSTITUTIONS; Mary Maclin, representing self; Courtney Coolidge, AZ CHAMBER OF COMMERCE

All Comments:

J. Michael Low, AMERICAN COUNCIL OF LIFE INSURERS (ACLI), PRUDENTIAL FINANCIAL INC: I will be testifying in person in favor of the bill on behalf of ACLI and Prudential.

SB1062, engineering definitions

Testified as opposed:

Jose Aguilar, representing self

Support:

Tom Farley, American Council Of Engineering Companies Of Arizona

Oppose:

Gail Kamaras, representing self; Valerie Policastro Edie, representing self; Greer Warren, representing self; Ginna Carico, GOODYEAR, CITY OF; Jeremy DeGeyter, representing self; Paul Turner, representing self; Michael Mathieu, representing self; David Fabiano, representing self; Benjamin Ciampa, representing self; Alejandro Angel, representing self; Gary Miller, ASCE AZ Section, representing self

All Comments:

Gail Kamaras, Self: This dumbs down the standards in an unacceptable & potentially dangerous way; Valerie Policastro Edie, Self: How totally irresponsible and self- serving; Greer Warren, Self: This dumbs down what an "engineer" is. This is very dangerous.; Jeremy DeGeyter, Self: This proposed legislation seeks to redefine the definition of "Engineer" and "Engineering Practice", however this new language would allow an unregistered "Engineer" to practice Engineering in the state of Arizona. This is dangerous!; Paul Turner, Self: The proposed SB 1062 is somewhat vague in its interpretation. As I read it, there is a possibility that a non registrant engineer may be able to practice engineering. That would violate the code of ethics of both the ASCE and NSPE; Michael Mathieu, Self: The new definition of "Engineer" in SB 1062 doesn't contain language about being qualified. That is a big mistake! Being a Registered Professional Civil Engineer means something. the new definition does not speak of education & testing requirements.; David Fabiano, Self: The practice of professional registration for engineers has long served as a protection for the health and safety of the public. The change as proposed does not make

improvements but rather introduces a number of potential problems. Please vote no.; Alejandro Angel, Self: 1062 creates a gray area in engineering practice that will eliminate public protections; Gary Miller, ASCE AZ Section, Self: ASCE opposes SB1062 as it would fundamentally change the laws that are protecting the public health and safety of Arizonans, by effectively eliminating the tool that protects these objectives, professional engineering licensure.; Jose Aguilar, Self: leave the floor open for Gary Miller and myself

SB1151, contracts; licensure requirements; exemption; exclusion.

Support:

Trish Hart, AZ PRIVATE SCHOOL ASSOCIATION; fred lockhart, representing self; Stacey Nottingham, representing self; Joel Kostman, representing self; kirt Hamm, representing self

Neutral:

Kevin LaMountain, AZ STATE BOARD FOR PRIVATE POSTSECONDARY ED

All Comments:

fred lockhart, Self: The passage of SB1151 would return the private postsecondary education sector to status quo and not allow schools without a license to operate. Students would be protected and be able to access tuition recovery fund; Joel Kostman, Self: As the president of the Arizona Private School Association, I am in strong support of the passage of this bill in representing my constituency throughout the state of Arizona in higher education.

ARIZONA STATE LEGISLATURE

Fifty-fifth Legislature - First Regular Session

COMMITTEE ATTENDANCE RECORD

COMMITTEE ON **COMMERCE**

CHAIRMAN: Jeff Weninger VICE-CHAIRMAN: Steve Kaiser

DATE	3/2/21	/21	/21	/21	/21
CONVENED	2:02 pm	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	3:19 PM				
MEMBERS					
Chaplik	✓				
Cook	✓				
~~Espinoza~~ BUTLER	✓				
Fernandez	✓				
Meza	✓				
Nutt	✓				
Powers Hannley	✓				
Toma	✓				
Kaiser, Vice-Chairman	✓				
Weninger, Chairman	✓				

√ Present --- Absent exc Excused

Attachment 3

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

SB 1044: credit for reinsurance
Sponsor: Senator Livingston, LD 22
Committee on Commerce

Overview
Reorganizes laws relating to credit of reinsurance into a separate section of statute.

History
The National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight (www.naic.org). In 2019 the NAIC made revisions to the Credit for Reinsurance Model Regulation (Model Regulation).

A domestic ceding insurer is allowed a credit for reinsurance as an asset to or a deduction from liability on account of reinsurance ceded if the reinsurer satisfies requirements as outlined in statute (A.R.S. § 20-261).

Reinsurance is the transaction whereby an assuming insurer (reinsurer), in consideration of premium paid, agrees to indemnify another insurer (ceding company) against all or part of the loss which the ceding company may sustain under a specified policy or group of policies which it has issued. The reinsurer shares the risk with the ceding company and receives a portion of the premium paid on the policies.

Provisions
1. Repeals and reorganizes laws relating to credit for reinsurance under Title 20, Chapter 30, Credit for Reinsurance. (Sec 1, 9)

Additions to Credit for Reinsurance Laws (Sec. 9)

2. Permits credit when the reinsurance is ceded to an assuming insurer who meets specified conditions which include:
   a) Have its head office or be domiciled in and be licensed in a reciprocal jurisdiction;
   b) Have and maintain minimum capital and surplus in an amount prescribed by rule;
   c) Have and maintain a minimum solvency or capital ratio prescribed by rule;
   d) Provide certain documentation to the Director as specified by rule;
   e) Maintain a practice of prompt payment of claims under reinsurance agreements;
   f) Annually confirm to the Direct that the assuming insurer is in compliance; and
   g) Provide to the Director any additional information on a voluntary basis.
3. Allows the Director to adopt rules that specify additional requirements that relate to or set fourth:
   a) The valuation of assets or reserve credits;

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

b) The amount and forms of security supporting reinsurance arrangements; and
c) Circumstances contingent of the credit reduction or elimination.

4. Requires the Director to create and publish a list of qualified reciprocal jurisdictions following certain guidelines.
   a) Allows the Director to remove a jurisdiction from the list on a determination of failure to meet requirements.
5. Requires the Director, in a timely manner, to create and publish a list of assuming insurers to which cessions will be granted credit.
   a) Allows the Director to add an insurer to the list if certain requirements are met
6. Allows the Director to revoke or suspend the eligibility of an assuming insurer if the Director determines that the assuming insurer no longer meets specified requirements.
   a) Prohibits the granting of credit in cases of revocation or suspension.
7. Stipulates the ceding insurer, in a legal process of rehabilitation, liquidation or conservation, to seek and obtain an order requiring the assuming insurer post security for all outstanding ceded liabilities.
8. Outlines certain limitations of credits of reinsurance.
9. Allows the rules adopted by the Director to include regulation of reinsurance arrangements relating to:
   a) life insurance policies with guaranteed nonlevel gross premiums or guaranteed nonlevel benefits;
   b) universal life insurance policies with provisions resulting in the ability of a policyholder to keep a policy in force over a secondary guarantee period;
   c) variable annuities with guaranteed death or living benefits;
   d) long-term care insurance policies; and
   e) any other life and health insurance and annuity products that the NAIC adopts model regulatory requirements with respect to credit for reinsurance.
10. Outlines the applicability and requirements of rules adopted by the Director relating to the regulation of reinsurance arrangements of life and health insurance.
11. Specifies that the authority to adopt rules relating to the regulation of reinsurance arrangements of life and health insurance does not limit the Department's general authority to adopt administrative rules.
12. Specifies the applicability of Credit for Insurance requirements to certain cessions.
13. Contains a purpose, intent and declaration clause. (Sec. 10)
14. Makes technical and conforming changes. (Sec. 2-8)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-fifth Legislature - First Regular Session

ROLL CALL VOTE

1044

COMMITTEE ON Commerce BILL NO. SB ~~1042~~

DATE March 02, 2021 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Chaplik		✓			
Cook		✓			
~~Espineza~~ BUTLER			✓		
Fernandez			✓		
Meza		✓			
Nutt		✓			
Powers Hannley		✓			
Toma		✓			
Kaiser, Vice-Chairman		✓			
Weninger, Chairman		✓			
		8	2	0	0

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
STEVE KAISER, Vice-Chairman

ATTACHMENT 5

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

SB 1062: engineering definitions
Sponsor: Senator Mesnard, LD 17
Committee on Commerce

Overview
Defines *professional engineer* and redefines other terms relating to certification and regulation by the Arizona Board of Technical Registration (ABTR).

History
A person desiring to practice any ABTR-regulated profession or occupation must obtain a certificate or registration by applying to ABTR for such certification or registration (A.R.S. §§ 32-121 & 32-123). An applicant for professional registration as an engineer must be of good moral character and be actively engaged in education or experience, or both, for at least eight years (A.R.S. § 32-122.01).

An *engineer* is a person who, by reason of special knowledge of the mathematical and physical sciences and the principles and methods of engineering analysis and design acquired by professional education and practical experience, is qualified to practice engineering and is registered as a professional engineer.

Statute defines *engineering practice,* in part, as any professional service or creative work requiring engineering education, training and experience and the application of special knowledge of the mathematical, physical and engineering sciences to such professional services or creative work (A.R.S. § 32-101).

Provisions
1. Renames *engineer* as *professional engineer.* (Sec. 1)
2. Redefines *engineer* to mean a person who may apply engineering principles and interpret engineering data by reason of education, training and experience. (Sec. 1)
3. Redefines *engineering practice* to mean any professional service or creative work requiring engineering education, training and experience in applying engineering principals and interpreting engineering data to engineering activities that clearly impact the health, safety and welfare of the public and the engineering design of building, structures, products, machines, processes and systems to the extent that the engineering education, training and experience requirements are necessary to protect the health, safety and welfare of the public.
   a) Includes, as services and creative work, providing planning services, studies, designs, design coordination, drawings, specifications and other technical submissions, prescribed surveying and reviewing construction or other design products for the purposes of monitoring compliance with drawings and specifications related to engineered works. (Sec. 1)
4. Deems a person as practicing engineering if the person:
   a) Practices any engineering discipline or holds out to the public that the person is able and authorized to practice any engineering discipline;

b) Represents to the public that the person is a professional engineer in any manner; or
c) Uses a title that implies that the person is a professional engineer. (Sec. 1)

5. Makes technical and conforming changes. (Sec. 1)

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-fifth Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1062

DATE March 02, 2021 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Chaplik		✓			
Cook		✓			
~~Espinoza~~ BUTLER			✓		
Fernandez			✓		
Meza			✓		
Nutt		✓			
Powers Hannley			✓		
Toma		✓			
Kaiser, Vice-Chairman		✓			
Weninger, Chairman		✓			
		6	4	0	0

Iris Mc Mahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
STEVE KAISER, Vice-Chairman

ATTACHMENT 1

ARIZONA HOUSE OF REPRESENTATIVES

Fifty-fifth Legislature
First Regular Session

SB 1151: contracts; licensure requirements; exemption; exclusion.
Sponsor: Senator Shope, LD 8
Committee on Commerce

Overview
Removes the exemption from private postsecondary education licensure and certification laws provided to a person who meets specified requirements.

History
The State Board for Private Postsecondary Education regulates private postsecondary education by issuing licenses to grant degrees and licenses to operate private vocational programs. A person may not operate a private vocational program, grant or offer to grant a degree, or operate an institution that grants or offers to grant a degree unless the person holds the appropriate license (A.R.S. § 32-3022).

A person who is party to a private contract that meets outlined requirements is exempt from specified laws relating to licensure, certification, registration or other authorization to act, including requirements relating to private postsecondary education. The contract must: 1) be substantially delivered electronically; 2) specify the laws from which the person is exempt; 3) be of a subject that is lawful; and 4) not exceed $6,000 per transaction and $150,000 in aggregate profit for all parties in the previous calendar year (A.R.S. § 44-171).

Provisions
1. Removes the exemption, from state postsecondary education laws relating to licensure, certification, registration or other authorization, provided to a person who meets specified requirements.
2. Makes technical changes. (Sec. 1)

☐ Prop 105 (45 votes) ☐ Prop 108 (40 votes) ☐ Emergency (40 votes) ☐ Fiscal Note

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-fifth Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON Commerce BILL NO. SB 1151

DATE March 02, 2021 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Chaplik		✓			
Cook		✓			
~~Espinoza~~ BUTLER		✓			
Fernandez		✓			
Meza		✓			
Nutt		✓			
Powers Hannley		✓			
Toma		✓			
Kaiser, Vice-Chairman		✓			
Weninger, Chairman		✓			
		10	0	0	0

Iris McMahon
COMMITTEE SECRETARY

APPROVED:

JEFF WENINGER, Chairman
STEVE KAISER, Vice-Chairman

ATTACHMENT 9