

Arizona Revised Statutes Annotated
Title 20. Insurance (Refs & Annos)
Chapter 4. Particular Types of Insurers
Article 1. Domestic Stock and Mutual Insurers (Refs & Annos)
A.R.S. § 20-736

§ 20-736. Transfer of direct obligations; assignment; notice; findings; approval; applicability

Currentness

A. An authorized insurer shall not transfer or assign the insurer's direct obligations under any insurance contract or policy, including annuities and any guaranteed investment contract, on subjects located, resident or to be performed in this state, that were incurred or assumed under the insurer's authority to transact business as an insurer in this state or under a certificate of exemption pursuant to § 20-401.05 to any other insurer or other party by operation of law, including any law that permits the division of a corporation into two or more resulting corporations, unless the affected contract holder or policyholder consents to or fails to reject the transfer or assignment within one hundred eighty days after receiving a fair, adequate and nonmisleading notice of the transfer or assignment or unless the director approves the transfer or assignment pursuant to this section.

B. The director shall not approve any transfer or assignment described in subsection A of this section unless the director makes all of the following findings:

1. The transaction is fair, reasonable and not contrary to law.
2. The transaction will not substantially reduce the security of and service to be rendered to contract holders and policyholders in this state.
3. The transaction will not be hazardous to or prejudicial against insureds in this state.
4. The nature and details of the transaction have been adequately disclosed.
5. The transaction will not have an adverse effect on the financial condition of any insurer.
6. The persons who will control the operation of the insurer or other party to which the obligations to contract holders and policyholders in this state are transferred or assigned possess sufficient competence, experience and integrity.
7. The plans or proposals for administration of the contracts and policies subject to the transfer or assignment are fair and reasonable.

8. The insurer or other party to which or through which the obligations to contract holders and policyholders in this state are transferred or assigned are at all material times authorized or exempted pursuant to § 20-401.05 to transact that kind or kinds of insurance in this state and are in compliance with all applicable legal requirements.

9. The transfer or assignment will not impair any rights to recovery from any insurance guaranty fund or similar association.

C. Nothing in this section limits or otherwise affects:

1. The lawful administration of a delinquency proceeding or other similar proceeding initiated against an insurer for the purpose of liquidating, rehabilitating, reorganizing or conserving the insurer.

2. The powers of the receiver or other similar entity in the delinquency proceeding or other similar proceeding.

3. The jurisdiction of a court presiding over the delinquency proceeding or other similar proceeding.

4. The exercise of powers and duties as prescribed by the Arizona property and casualty insurance guaranty fund, the Arizona life and disability insurance guaranty fund or any similar organization in any other state.

D. In order to carry out the requirements of this section, the director may use independent contractor examiners, analysts and other technical and professional services in accordance with §§ 20-148 and 20-159. All examination and examination related expenses related to the implementation of this section shall be borne by the insurer from which the obligations would be transferred or assigned by virtue of the transaction, and shall be paid by the insurance examiners' revolving fund pursuant to § 20-159.

E. This section does not apply to:

1. The transfer of private passenger automobile insurance policies from one insurer to an affiliated insurer pursuant to § 20-1631, subsection L.

2. The transfer or assignment of the direct obligations of an authorized insurer pursuant to a contract of assumption reinsurance.

3. The transfer or assignment of the direct obligations of an authorized insurer pursuant to a provision of a bona fide indemnity reinsurance contract by which the reinsurer becomes directly liable under the policies or contracts to which the reinsurance contract relates.

4. A transfer or assignment resulting from a division or merger of a corporation that was filed for regulatory approval in the corporation's state of domicile on or before December 31, 1996.

Credits

Added by [Laws 1997, Ch. 243, § 1](#).

<For termination under Sunset Law, see italic note preceding § 20-101 in Title 20 Refs & Annos.>

A. R. S. § **20-736**, AZ ST § **20-736**

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