

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 17-0902.01 Kristen Forrestal x4217

SENATE BILL 17-204

SENATE SPONSORSHIP

Priola,

HOUSE SPONSORSHIP

Lawrence, Garnett

Senate Committees

Business, Labor, & Technology

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE IMPROPER DENIAL OF PROPERTY AND CASUALTY**
102 **INSURANCE CLAIMS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Current law allows a third party, "on behalf of" the insured, to claim double damages and attorney fees from a property and casualty insurer for an unreasonable delay or denial of benefits. The bill eliminates the "on behalf of" language so that only the named insured may claim double damages and attorney fees from a property and casualty insurer.

The bill also requires an insured to provide notice to the property

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

SENATE
Amended 2nd Reading
March 31, 2017

and casualty insurer of the insured's intent to file for double damages and attorney fees under the law.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 10-3-1115, **amend**
3 **(1)(b); and add (2.3) and (8) as follows:**

4 **10-3-1115. Improper denial of claims - prohibited - definitions**
5 **- severability.** (1) (b) For the purposes of this section and section
6 10-3-1116:

7 (I) "First-party claimant" means: ~~an individual, corporation,~~
8 ~~association, partnership, or other legal entity asserting an entitlement to~~
9 ~~benefits owed directly to or on behalf of an~~

10 (A) A NAMED insured under an insurance policy OR ANY PERSON
11 DEFINED AS AN INSURED UNDER THE INSURANCE POLICY;

12 (B) ~~"First-party claimant" includes~~ A public entity that has paid
13 a claim for benefits due to an insurer's unreasonable delay or denial of the
14 claim; OR

15 (C) FOR THE PURPOSES OF A HEALTH COVERAGE PLAN AS DEFINED
16 IN SECTION 10-16-102, AN INDIVIDUAL, CORPORATION, ASSOCIATION,
17 PARTNERSHIP, OR OTHER LEGAL ENTITY ASSERTING AN ENTITLEMENT TO
18 BENEFITS OWED DIRECTLY TO OR ON BEHALF OF AN INSURED UNDER A
19 HEALTH COVERAGE PLAN.

20 (II) "First-party claimant" does not include:

21 (A) ~~A nonparticipating provider~~ EXCEPT FOR A FIRST-PARTY
22 CLAIMANT UNDER A HEALTH COVERAGE PLAN AS DEFINED IN SECTION
23 10-16-102, AN INDIVIDUAL, CORPORATION, ASSOCIATION, PARTNERSHIP,
24 OR OTHER LEGAL ENTITY performing services ~~or~~ FOR AN INSURED;

25 (B) A person asserting a claim against an insured under a liability

1 policy;

2 (C) EXCEPT FOR A FIRST-PARTY CLAIMANT UNDER A HEALTH
3 COVERAGE PLAN AS DEFINED IN SECTION 10-16-102, AN INDIVIDUAL,
4 CORPORATION, ASSOCIATION, PARTNERSHIP, OR OTHER LEGAL ENTITY
5 PURPORTING TO ACT ON BEHALF OF AN INSURED UNDER THE TERMS OF AN
6 ASSIGNMENT OR TRANSFER OF AN INTEREST OF RIGHTS OR BENEFITS UNDER
7 THE TERMS OF AN INSURANCE CONTRACT OR THIS TITLE 10; ==

8 (D) FOR THE PURPOSES OF A HEALTH COVERAGE PLAN AS DEFINED
9 IN SECTION 10-16-102, A NONPARTICIPATING PROVIDER; OR

10 ==

11 (E) AN ADDITIONAL INSURED ADDED TO THE POLICY BY
12 ENDORSEMENT.

13 (2.3) FOR THE PURPOSES OF A PROPERTY AND CASUALTY CAUSE OF
14 ACTION AND REMEDIES CREATED BY THIS SECTION, WHETHER OR NOT IT
15 HAS BEEN AWARDED OR IS DUE, THE REMEDY SHALL NOT BE ASSIGNABLE
16 BY THE FIRST-PARTY CLAIMANT OR ANYONE ACTING ON THE FIRST-PARTY
17 CLAIMANT'S BEHALF.

18 (8) THIS SECTION AND SECTION 10-3-1116 DO NOT APPLY TO A
19 SURETY BOND ISSUED PURSUANT TO THIS TITLE.

20 **SECTION 2. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly (August
23 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a
24 referendum petition is filed pursuant to section 1 (3) of article V of the
25 state constitution against this act or an item, section, or part of this act
26 within such period, then the act, item, section, or part will not take effect
27 unless approved by the people at the general election to be held in

- 1 November 2018 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.