



Legislative Council Staff

Research Note

Version: Final

Date: 5/23/2017

Bill Number

Senate Bill 17-249

Sponsors

**Senators Smallwood
& Williams A.
Representative Ginal**

Short Title

Sunset Division Of Insurance

Research Analyst

Jeanette Chapman (x4657)

Status

This research note reflects the final version of the bill, which becomes effective September 1, 2017. Some portions of the bill become effective when the bill is signed by the Governor.

Background

Colorado began regulating insurance in 1883 in the State Auditor's Office. The Colorado Department of Insurance was formed in 1913. Since the 1960's, the Division of Insurance in the Department of Regulatory Agencies, under the direction of the Commissioner of Insurance, licenses and monitors the financial condition of all domestic insurance companies; conducts market conduct examinations and desk audits to ensure compliance with state law; monitors rates to ensure rates are not excessive, inadequate, or discriminatory; and responds to consumer complaints and enquiries. The division also regulates preneed funeral contracts, which provide merchandise or services for funeral, burial, entombment or cremation in the future at an agreed-upon price.

Senate Action

Senate Business, Labor, and Technology Committee (April 5, 2017). At the hearing, representatives from Tokio Marine HCC and Bankers Insurance Company discussed proposed amendments to the bill. A representative from the Division of Insurance responded to questions from the committee.

The committee adopted amendments L.001 and L.002 and referred the bill, as amended to the Senate Committee of the Whole consent calendar. Amendment L.001 clarified that fines or

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penalties based on a market conduct assessment must be related to business practices and compliance activities rather than random and unintentional errors. Amendment L.002 made technical changes.

Senate second reading (April 4, 2017). The Senate adopted the Senate Business, Labor, and Technology committee report. The Senate passed the bill on second reading.

Senate third reading (April 10, 2017). The Senate passed the bill on third reading with no amendments.

House Action

House Health, Insurance, and Environment Committee (April 27, 2017). At the hearing, representatives from Bankers Insurance Company, American Surety Company, and the Colorado Commissioner of Insurance testified in support of the bill. A representative from the Department of Regulatory Agencies (DORA) and the Division of Insurance within DORA responded to questions from the committee.

The committee adopted amendments L.004 and L.005 and referred the bill, as amended, to the House Finance Committee. Amendment L.004 made technical changes and added an effective date. Amendment L.005 clarified that the Commissioner of Insurance and not the executive director of DORA promulgates regulations related to certificates of authority and made technical changes.

House Finance Committee (May 4, 2017). At the hearing, a representative from the Division of Insurance testified in support of the bill and responded to questions from the committee. The committee referred the bill to the House Appropriations Committee with no amendments.

House Appropriations Committee (May 5, 2017). The committee referred the bill to the House Committee of the Whole with no amendments.

House second reading (May 5, 2017). The House adopted the House Health, Insurance, and Environment committee report and passed the bill on second reading.

House third reading (May 8, 2017). The House passed the bill on third reading with no amendments.

Conference Committee

First conference committee (May 10, 2017). The Senate did not concur in amendments made by the House, and a conference committee was formed.

Senate action (May 10, 2017). The committee dissolved. The Senate receded from its position and concurred with House amendments.

Relevant Research

Department of Regulatory Agencies, Colorado Office of Policy, Research, & Regulatory Reform, 2016 Sunset Review: Division of Insurance, October 14, 2016.

<https://drive.google.com/file/d/0B1eD7wvZltxwRGI5SFRzbzVvWWM/view>