

CHAPTER 334

INSURANCE

SENATE BILL 17-274

BY SENATOR(S) Holbert, Crowder, Scott, Tate, Grantham;
also REPRESENTATIVE(S) Garnett, Valdez.

AN ACT

CONCERNING AN AUTHORIZATION FOR NONADMITTED INSURERS TO OFFER DISABILITY INSURANCE
AS A TYPE OF SURPLUS LINES INSURANCE.

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

SECTION 1. In Colorado Revised Statutes, 10-5-101.1, **amend** (1) introductory portion as follows:

10-5-101.1. Legislative declaration. (1) The general assembly finds and declares that DISABILITY, property, and casualty insurance transactions with nonadmitted insurers are so affected with a public interest as to require regulation, taxation, supervision, and control of such transactions and matters relating thereto, as provided in this ~~article~~ ARTICLE 5, in order to:

SECTION 2. In Colorado Revised Statutes, 10-5-101.2, **amend** the introductory portion, (10), and (13); and **add** (4.5) as follows:

10-5-101.2. Definitions. As used in this ~~article~~ ARTICLE 5, unless the context otherwise requires:

(4.5) "DISABILITY INSURANCE" MEANS INSURANCE THAT:

(a) IS IN EXCESS OF POLICY LIMITS AVAILABLE UNDER A POLICY ISSUED BY AN ADMITTED INSURER;

(b) PROVIDES INCOME REPLACEMENT TO AN INSURED WHO BECOMES AN INDIVIDUAL WITH A DISABILITY WHILE COVERED BY THE DISABILITY INSURANCE POLICY; AND

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(c) DOES NOT PROVIDE COVERAGE FOR THE DIAGNOSIS OR TREATMENT OF AN INSURED'S DISABILITY.

(10) "Nonadmitted insurance" means any DISABILITY, property, or casualty insurance permitted in a state to be placed directly or through a broker with a nonadmitted insurer eligible to accept such insurance. "Nonadmitted insurance" includes independently procured insurance and surplus lines insurance.

(13) "Surplus lines insurance":

(a) Means coverage placed with an eligible nonadmitted insurer as provided by section 10-5-108; AND

(b) INCLUDES DISABILITY INSURANCE.

SECTION 3. Act subject to petition - effective date - applicability. (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to disability insurance offered on or after the applicable effective date of this act.

Approved: June 5, 2017