

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

**INTRODUCED**

LLS NO. 17-0902.01 Kristen Forrestal x4217

**SENATE BILL 17-204**

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**SENATE SPONSORSHIP**

**Priola,**

**HOUSE SPONSORSHIP**

**Lawrence, Garnett**

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**Senate Committees**

Business, Labor, & Technology

**House Committees**

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**A BILL FOR AN ACT**

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

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**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.*

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

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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** (2.5) 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;

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

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

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

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

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

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

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

9 (2.5) (a) AT LEAST TWENTY DAYS BEFORE FILING AN ACTION  
10 AGAINST A PROPERTY AND CASUALTY INSURER PURSUANT TO THIS  
11 SECTION, A FIRST-PARTY CLAIMANT MUST PROVIDE WRITTEN NOTICE OF  
12 THE BASIS FOR THE CAUSE OF ACTION TO THE INSURER. NOTICE MAY BE  
13 PROVIDED BY REGULAR MAIL, REGISTERED MAIL, OR CERTIFIED MAIL WITH  
14 RETURN RECEIPT REQUESTED. PROOF OF NOTICE BY MAIL MAY BE MADE IN  
15 THE SAME MANNER AS PRESCRIBED BY COURT RULE OR STATUTE FOR  
16 PROOF OF SERVICE BY MAIL. THE INSURER IS DEEMED TO HAVE RECEIVED  
17 NOTICE THREE BUSINESS DAYS AFTER THE NOTICE IS MAILED.

18 (b) IF THE PROPERTY AND CASUALTY INSURER FAILS TO RESOLVE  
19 THE BASIS FOR THE ACTION WITHIN THE TWENTY-DAY PERIOD AFTER THE  
20 WRITTEN NOTICE BY THE FIRST-PARTY CLAIMANT, THE FIRST-PARTY  
21 CLAIMANT MAY BRING THE ACTION WITHOUT ANY FURTHER NOTICE.

22 (c) THE FIRST-PARTY CLAIMANT MAY BRING AN ACTION AFTER THE  
23 REQUIRED PERIOD OF TIME IN SUBSECTION (2.5)(a) OF THIS SECTION HAS  
24 ELAPSED.

25 (d) IF A WRITTEN NOTICE OF CLAIM IS SERVED UNDER SUBSECTION  
26 (2.5)(a) OF THIS SECTION WITHIN THE TWENTY-DAY PERIOD SPECIFIED IN  
27 SAID SUBSECTION (2.5)(a), THE STATUTE OF LIMITATIONS FOR THE ACTION

1 IS TOLLED DURING THAT TWENTY-DAY PERIOD.

2           **SECTION 2. Act subject to petition - effective date.** This act  
3 takes effect at 12:01 a.m. on the day following the expiration of the  
4 ninety-day period after final adjournment of the general assembly (August  
5 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a  
6 referendum petition is filed pursuant to section 1 (3) of article V of the  
7 state constitution against this act or an item, section, or part of this act  
8 within such period, then the act, item, section, or part will not take effect  
9 unless approved by the people at the general election to be held in  
10 November 2018 and, in such case, will take effect on the date of the  
11 official declaration of the vote thereon by the governor.