



**Colorado
Legislative
Council
Staff**

SB17-204

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0902
Prime Sponsor(s): Sen. Priola
Rep. Lawrence

Date: March 14, 2017
Bill Status: Senate Business
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: IMPROPER DENIAL OF PROPERTY AND CASUALTY CLAIMS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Minimal workload decrease.	
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal workload decrease.		

Summary of Legislation

Under current law, a first-party claimant is defined as an individual, corporation, association, partnership, or other legal entity asserting an entitlement to benefits owed directly to or on behalf of a person insured under the policy, including a public entity that has paid a claim for benefits due to an insurer's unreasonable delay or denial of a claim. A first-party claimant whose claim for payment of benefits has been unreasonably delayed or denied may sue to recover attorney fees, court costs, and two times the covered benefit.

The bill modifies the definition of first-party claimant to exclude an individual, corporation, association, partnership, or other legal entity acting on behalf of an insured person, with exceptions for claims under health coverage plans.

The bill also requires that a first-party claimant provide written notice of the cause of action to a property and casualty insurer at least 20 days prior to filing an action against the insurer. If the property and casualty insurer fails to resolve the basis of the claim within the 20-day period, the first-party claimant may bring the action. The statute of limitations for such an action is suspended during the 20-day period.

State Expenditures

Beginning in FY 2017-18, the bill decreases the workload in the trial courts in the Judicial Department as a result of some disputes being resolved during the 20-day notice period, and third parties no longer being able to bring actions on behalf of an insured person against a property and casualty insurer. Any decrease in workload is expected to be minimal.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies