A BILL FOR AN ACT

Concerning requiring insurers to disclose certain information concerning insurance policies, and, in connection therewith, making an appropriation.

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.)

The bill requires an insurer that provides or may provide liability insurance coverage to pay all or a portion of a pending or prospective claim to provide to a claimant via mail, facsimile, or electronic delivery, within 30 days after receiving a written request from the claimant, a statement, made under oath, of a corporate officer setting forth the
following information with regard to each known policy of insurance, including excess or umbrella insurance:

- The name of the insurer;
- The name of each insured party;
- The limits of the liability coverage;
- A statement of any policy or coverage defense that the insurer reasonably believes is available to the insurer at the time of making the statement; and
- A copy of the policy.

An insured party, or the insured party's insurance agent, upon written request of a claimant or a claimant's attorney, shall disclose to the claimant or claimant's attorney the name and coverage of each known insurer of the insured party and shall forward the request to all affected insurers. An insurer that receives such a request shall supply the requested information to the claimant or the claimant's attorney within 30 days of the receipt of the request.

An insurer or an insured party that violates the disclosure requirement is liable to the requesting claimant for damages in an amount of $100 per day, beginning on and including the thirty-first day following the claimant's written request. The penalty accrues until the insurer or an insured party provides the information required. An insurer or insured party who fails to make a required disclosure is also responsible for attorney fees and costs incurred by a claimant in enforcing the penalty.

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

SECTION 1. In Colorado Revised Statutes, amend 10-3-1101 as follows:

10-3-1101. Legislative declaration. (1) The purpose of this part is to regulate trade practices in the business of insurance by defining, or providing for the determination of, all such practices in this state which constitute unfair methods of competition or unfair or deceptive acts or practices, and by prohibiting the trade practices so defined or determined. No rules or regulations shall be promulgated to adversely affect free and open competition in the sale of insurance.

(2) It is in the best interests of the citizens of this state to have transparency in the insurance claims process to further
THE PUBLIC POLICY OF ENCOURAGING SETTLEMENT AND PREVENTING
UNNECESSARY LITIGATION. CLAIMANTS AND INJURED PARTIES SHOULD
FULLY UNDERSTAND THE TOTAL AMOUNT OF INSURANCE COVERAGE
AVAILABLE TO THEM. IN ADDITION, BECAUSE PAYMENT OF UNINSURED
AND UNDER-INSURED MOTORIST BENEFITS COVERS THE DIFFERENCE
BETWEEN THE AMOUNT OF THE LIMITS OF ANY LEGAL LIABILITY COVERAGE
AND THE AMOUNT OF THE DAMAGES SUSTAINED, IT IS IMPORTANT THAT
THE CITIZENS OF THIS STATE HAVE ACCURATE AND RELIABLE
INFORMATION ABOUT THE AMOUNT OF LEGAL LIABILITY COVERAGE
AVAILABLE FOR A CLAIM. PROVIDING INFORMATION TO COLORADO
RESIDENTS CONCERNING THE AMOUNT OF LIABILITY COVERAGE WILL:

(a) HELP COLORADO RESIDENTS EVALUATE WHETHER THEIR
UNINSURED OR UNDER-INSURED MOTORIST COVERAGE WILL BE
TRIGGERED; AND

(b) ALLOW AN INSURER WHO PROVIDES UNINSURED OR
UNDER-INSURED MOTORIST COVERAGE OR POLICIES MORE TIME TO
EVALUATE AND PLACE RESERVES ON CLAIMS.

SECTION 2. In Colorado Revised Statutes, add 10-3-1117 as
follows:

10-3-1117. Required disclosures - liability - definition. (1) Not
MORE THAN THIRTY CALENDAR DAYS AFTER RECEIVING A WRITTEN
REQUEST FROM AN INSURED PARTY, AN INSURER THAT ISSUES A
COMMERCIAL AUTOMOBILE OR PERSONAL AUTOMOBILE POLICY OF
INSURANCE FOR DELIVERY IN THIS STATE SHALL PROVIDE TO THE INSURED
PARTY A COPY OF THE COMPLETE POLICY OF INSURANCE, INCLUDING ANY
ENDORSEMENTS.

(2) (a) EACH INSURER THAT PROVIDES OR MAY PROVIDE
COMMERCIAL AUTOMOBILE OR PERSONAL AUTOMOBILE LIABILITY INSURANCE COVERAGE TO PAY ALL OR A PORTION OF A PENDING OR PROSPECTIVE CLAIM SHALL PROVIDE TO THE CLAIMANT OR THE CLAIMANT'S ATTORNEY VIA MAIL, FACSIMILE, OR ELECTRONIC DELIVERY, WITHIN THIRTY CALENDAR DAYS AFTER RECEIVING A WRITTEN REQUEST FROM THE CLAIMANT OR THE CLAIMANT'S ATTORNEY, WHICH REQUEST IS SENT TO THE INSURER'S REGISTERED AGENT, A STATEMENT SETTING FORTH THE FOLLOWING INFORMATION WITH REGARD TO EACH KNOWN POLICY OF INSURANCE OF THE NAMED INSURED, INCLUDING EXCESS OR UMBRELLA INSURANCE, THAT IS OR MAY BE RELEVANT TO THE CLAIM:

(I) The name of the insurer;

(II) The name of each insured party, as the name appears on the declarations page of the policy;

(III) The limits of the liability coverage; and

(IV) A copy of the policy.

(b) An insured party, upon written request of a claimant or a claimant’s attorney, shall disclose to the claimant or claimant’s attorney the name and coverage of each known insurer of the insured party.

(3) An insurer that violates this section is liable to the requesting claimant for damages in an amount of one hundred dollars per day, beginning on and including the thirty-first day following the receipt of the claimant’s written request. The penalty accrues until the insurer provides the information required by this section. An insurer that fails to make a disclosure required by this section is also responsible for
ATTORNEY FEES AND COSTS INCURRED BY A CLAIMANT IN ENFORCING THE
PENALTY.

(4) The claimant and any attorney of the claimant shall
not disclose to any party the information described in
subsection (2)(a) of this section; except that the claimant and an
attorney of the claimant may discuss the information with the
claimant's insurer.

(5) As used in this section, unless the context otherwise
requires, "claimant" means a person that has provided notice to
an insurer of a potential claim.

SECTION 3. Appropriation. For the 2019-20 state fiscal year,
$12,599 is appropriated to the department of regulatory agencies for use
by the division of insurance. This appropriation is from the division of
insurance cash fund created in section 10-1-103 (3), C.R.S. To implement
this act, the division may use this appropriation as follows:

(a) $12,409 for personal services, which amount is based on an
assumption that the division will require an additional 0.2 FTE; and

(b) $190 for operating expenses.

SECTION 4. Act subject to petition - effective date. This act
takes effect January 1, 2020; 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 the ninety-day period
after final adjournment of the general assembly, 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 2020 and, in such case, will take
effect on the date of the official declaration of the vote thereon by the
governor.