



Legislative
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FISCAL NOTE

Drafting Number:	LLS 19-1040	Date:	April 8, 2019
Prime Sponsors:	Rep. Roberts Sen. Rodriguez	Bill Status:	House Judiciary
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Bill Topic: DISCLOSURE OF INSURANCE LIABILITY COVERAGE

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>minimal</i>)	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill requires insurers that provide liability insurance to disclose to claimants the limits of the insured party's liability coverage and to provide a copy of the insurance policy upon request. The bill increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$26,435 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 19-1283**

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	Cash Funds	\$26,435	\$26,435
	Centrally Appropriated	\$6,024	\$6,024
	Total	\$32,459	\$32,459
	Total FTE	0.4 FTE	0.4 FTE
Diversions	General Fund	(\$32,459)	(\$32,459)
	Cash Funds	\$32,459	\$32,459
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

The bill requires insured parties and their insurers to disclose information regarding liability insurance coverage to people making claims. An insured party or their insurance agent must, upon written request, disclose to a claimant the name and coverage of each known insurer, and must forward the request to all affected insurers. Insurers that provide liability insurance coverage are required to provide the claimant with the following information that may be relevant to the claim within 30 days of receiving a written request:

- 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 believes is available to the insurer; and
- a copy of the policy.

An insurer or insured party that fails to comply with these requirements is liable for damages of \$100 per day, beginning on the thirty first day following the claimant's written request.

State Revenue

Beginning in FY 2019-20, this bill increases civil filing fee cash fund revenue by a minimal amount. Revenue will increase if the number of civil filings for failure to disclose increase. For informational purposes, the civil filing fee for county court ranges from \$85 to \$135 depending on the amount of damages sought, and \$235 for district court. Civil cases seeking damages of less than \$25,000 may be filed in county or district court, while cases seeking damages over \$25,000 must be filed in district court. Civil filing fees are subject to TABOR.

State Diversions

The bill diverts \$32,459 from the General Fund in FY 2019-20 and future years. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies (DORA), which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases expenditures in DORA by \$32,459 and 0.4 FTE in FY 2019-20 and future years, paid from the Division of Insurance Cash Fund. These costs are shown in Table 2 and described below.

Table 2
Expenditures Under HB 19-1283

	FY 2019-20	FY 2020-21
Department of Regulatory Agencies		
Personal Services	\$26,055	\$26,055
Operating Expenses and Capital Outlay Costs	\$380	\$380
Centrally Appropriated Costs*	\$6,024	\$6,024
Total Cost	\$32,459	\$32,459
Total FTE	0.4 FTE	0.4 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. The bill is expected to increase the volume of consumer complaints submitted to the Division of Insurance in DORA. DORA receives about 900 liability claim complaints each year, which take an average of 6 hours to address. The fiscal note assumes that knowing the precise limit of an insured party's liability coverage gives claimants a basis and incentive to seek a larger settlement amount. It is assumed that DORA will experience a 15 percent increase in liability claim complaints (135 per year), mostly related to unsatisfactory settlement offers, which will require 810 hours of staff time to address. Expenditures will be made from the Division of Insurance Cash Fund.

Judicial Department. An insurer or insured party that violates the disclosure requirement is liable to the requesting claimant for damages, attorney fees, and costs. To the extent that insurers and insured parties violate these requirements, it could increase workload in the trial courts, but any impact is assumed to be minimal and can be accomplished without a change in appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$6,024 in FY 2019-20 and future years.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires an appropriation of \$26,435 to the Department of Regulatory Agencies, and an allocation of 0.4 FTE.

State and Local Government Contacts

Regulatory Agencies

Information Technology

Judicial