

**Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 20-0114.01 Duane Gall x4335

**SENATE BILL 20-176**

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**SENATE SPONSORSHIP**

**Danielson,**

**HOUSE SPONSORSHIP**

**(None),**

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**Senate Committees**  
Health & Human Services

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING MEASURES TO FACILITATE ENFORCEMENT OF EXISTING**  
102                    **PROHIBITIONS AGAINST UNREASONABLE CONDUCT BY HEALTH**  
103                    **INSURERS.**

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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>.)*

The bill clarifies 2008 legislation prohibiting discretionary clauses in certain plans and insurance policies and providing for the de novo standard of review in any court by:

!      Declaring that the legislation should be construed broadly to effectuate its remedial purpose, notwithstanding any

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

SENATE  
2nd Reading Unamended  
March 3, 2020

- contractual or statutory choice-of-law provision to the contrary;
- ! Nullifying any contract provision that purports to give an insurer or its agent discretionary authority to determine entitlement to benefits;
- ! Severing a claimant's right to de novo review of policy disputes from the claimant's right to a jury trial of those disputes; and
- ! Specifying that the commissioner of insurance may adopt rules as necessary to enforce this prohibition.

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

2           **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds, determines, and declares that:

4           (a) Sections 10-3-1115 and 10-3-1116, Colorado Revised Statutes,  
5 are remedial legislation, and therefore should be construed broadly and  
6 inclusively to effectuate their remedial purposes; and

7           (b) Section 10-3-1116 took effect August 5, 2008, and subsections  
8 (2) and (3) of that section were intended to apply to every health and  
9 disability insurance policy, insurance contract, insurance certificate, and  
10 insurance agreement existing, offered, issued, delivered, or renewed in  
11 the state of Colorado or providing health or disability benefits to a  
12 resident or domiciliary of the state of Colorado and every employee  
13 benefit plan covering a resident or domiciliary of the state of Colorado  
14 (whether or not on behalf of an employer located or domiciled in  
15 Colorado) on or after August 5, 2008, notwithstanding any contractual or  
16 statutory choice-of-law provision to the contrary.

17           **SECTION 2.** In Colorado Revised Statutes, 10-3-1115, **add** (1.5)  
18 as follows:

19           **10-3-1115. Unreasonable delay or denial of claims - prohibited**  
20 **acts - definitions - remedies - severability.** (1.5) THE COMMISSIONER

1 MAY ADOPT RULES AS NECESSARY TO IMPLEMENT THIS SECTION.

2 **SECTION 3.** In Colorado Revised Statutes, 10-3-1116, **amend**  
3 (2), (3), and (6); and **add** (8) as follows:

4 **10-3-1116. Remedies for unreasonable delay or denial of**  
5 **benefits - required contract provision - frivolous actions - severability**  
6 **- rules.** (2) An insurance policy, insurance contract, or plan that is issued  
7 in this state AND that offers health or disability benefits shall not contain  
8 a provision purporting to reserve discretion to the insurer, plan  
9 administrator, or claim administrator to interpret the terms of the policy,  
10 contract, or plan or to determine eligibility for benefits. IF AN INSURANCE  
11 POLICY, CONTRACT, OR PLAN CONTAINS SUCH A PROVISION, THE PROVISION  
12 IS VOID.

13 (3) An insurance policy, insurance contract, or plan that is issued  
14 in this state shall provide that a person who claims health, life, or  
15 disability benefits, whose claim has been denied in whole or in part, and  
16 who has exhausted ~~his or her~~ THE PERSON'S administrative remedies: ~~shall~~  
17 **be**

18 (a) IS entitled to have ~~his or her~~ THE PERSON'S claim reviewed de  
19 novo in any court with jurisdiction; and

20 (b) IS ENTITLED to a trial by jury.

21 (6) If any provision of this section, OR OF ANY SUBSECTION OR  
22 PORTION OF THIS SECTION, or its application to any person or circumstance  
23 is held illegal, invalid, or unenforceable, no other provisions or  
24 applications of this section shall be affected that can be given effect  
25 without the illegal, invalid, or unenforceable provision or application, and  
26 to this end the provisions of this section are severable.

27 (8) AS USED IN THIS SECTION, "ISSUED IN THIS STATE" REFERS TO

1 EVERY HEALTH AND DISABILITY INSURANCE POLICY, INSURANCE  
2 CONTRACT, INSURANCE CERTIFICATE, AND INSURANCE AGREEMENT  
3 EXISTING, OFFERED, ISSUED, DELIVERED, OR RENEWED IN THE STATE OF  
4 COLORADO OR PROVIDING HEALTH OR DISABILITY BENEFITS TO A  
5 RESIDENT OR DOMICILIARY OF THE STATE OF COLORADO AND EVERY  
6 EMPLOYEE BENEFIT PLAN COVERING A RESIDENT OR DOMICILIARY OF THE  
7 STATE OF COLORADO, WHETHER OR NOT ON BEHALF OF AN EMPLOYER  
8 LOCATED OR DOMICILED IN COLORADO, ON OR AFTER AUGUST 5, 2008,  
9 NOTWITHSTANDING ANY CONTRACTUAL OR STATUTORY CHOICE-OF-LAW  
10 PROVISION TO THE CONTRARY.

11 **SECTION 4. Act subject to petition - effective date -**  
12 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
13 the expiration of the ninety-day period after final adjournment of the  
14 general assembly (August 5, 2020, if adjournment sine die is on May 6,  
15 2020); except that, if a referendum petition is filed pursuant to section 1  
16 (3) of article V of the state constitution against this act or an item, section,  
17 or part of this act within such period, then the act, item, section, or part  
18 will not take effect unless approved by the people at the general election  
19 to be held in November 2020 and, in such case, will take effect on the  
20 date of the official declaration of the vote thereon by the governor.

21 (2) This act applies to every health and disability insurance policy,  
22 insurance contract, insurance certificate, and insurance agreement  
23 existing, offered, issued, delivered, or renewed in the state of Colorado  
24 or providing health or disability benefits to a resident or domiciliary of  
25 the state of Colorado and every employee benefit plan covering a resident  
26 or domiciliary of the state of Colorado, whether or not on behalf of an  
27 employer located or domiciled in Colorado, on or after the applicable

- 1 effective date of this act, notwithstanding any contractual or statutory
- 2 choice-of-law provision to the contrary.