



Legislative Council Staff

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Fiscal Note

Drafting Number: LLS 21-0594
Prime Sponsors: Sen. Buckner

Date: April 13, 2021
Bill Status: Senate Business
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Bill Topic: RESTRICT INSURERS' USE OF EXTERNAL CONSUMER DATA

Summary of Fiscal Impact:

- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <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 prohibits an insurer from using any external consumer data and information source, algorithm, or predictive model that unfairly discriminates against an individual based on an individual's race, color, national or ethnic origin, religion, sex, sexual orientation, disability, or transgender status. The bill increases state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The bill prohibits an insurer from:

- considering an individual's race, color, national or ethnic origin, religion, sex, sexual orientation, disability, or transgender status in any insurance practice; or
- directly or indirectly using any external consumer data and information source, algorithm, or predictive model that unfairly discriminates against an individual based on an individual's race, color, national or ethnic origin, religion, sex, sexual orientation, disability, or transgender status.

Beginning January 1, 2022, an insurer that uses one or more external consumer data and information sources, algorithms, or predictive models in any insurance practice is required to provide the Division of Insurance in the Department of Regulatory Agencies with specific disclosures listed in the bill. The Commissioner of Insurance is required to promulgate rules based on these disclosure requirements.

The commissioner may examine and investigate an insurer's use of an external consumer data and information source, algorithm, or predictive model and if the commissioner determines that it unfairly discriminates against an individual based on an individual's race, color, national or ethnic origin, religion, sex, sexual orientation, disability, or transgender status, the commissioner may promulgate rules to restrict or prohibit its use.

State Expenditures

This bill will increase workload for the Division of Insurance in the Department of Regulatory Agencies. The division will conduct rulemaking on disclosure requirements and review insurer disclosures made in accordance with those rules. The division will also investigate complaints from consumers regarding violations of the requirements. Compliance with the provisions in the bill will be made part of market conduct examinations, which are performed by third parties and are paid for by companies directly. The workload increase for the division is expected to be accomplished within existing appropriations.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology

Regulatory Agencies