

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0582.01 Kristen Forrestal x4217

HOUSE BILL 22-1357

HOUSE SPONSORSHIP

Weissman,

SENATE SPONSORSHIP

(None),

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE OVERSIGHT OF INSURANCE RATES, AND, IN
102 CONNECTION THEREWITH, REQUIRING INSURERS WHO ISSUE
103 PRIVATE PASSENGER MOTOR VEHICLE INSURANCE OR
104 HOMEOWNER'S INSURANCE TO FILE REQUESTED RATE
105 INCREASES WITH THE COMMISSIONER OF INSURANCE FOR
106 APPROVAL PRIOR TO IMPLEMENTING THE RATES.

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 reclassifies private passenger motor vehicle insurance and

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.

homeowner's insurance as type I kinds of insurance for rate filing increases, thereby requiring insurers to file and obtain prior approval of requests for rate increases before implementing increased rates for those lines of insurance. The rate filings remain on file for 60 days and must not be approved or disapproved, and must not become effective, during the 60-day period except after a public hearing. If the commissioner of insurance fails to make a determination on the rate filing within the 60-day period, the rate filing is deemed approved as of 12:01 a.m. on the sixty-first day, unless during the 60-day period the commissioner determines that a public hearing is in the public interest.

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

2 **SECTION 1.** In Colorado Revised Statutes, 10-4-401, **add**
3 (3)(a)(VII) and (3)(a)(VIII) as follows:

4 **10-4-401. Purpose - applicability.** (3) The kinds of insurance
5 subject to this part 4 shall be divided into two classes, as follows:

6 (a) Type I kinds of insurance, regulated by prior filing and
7 approval of rating information, which shall be subject to all provisions of
8 this part 4 unless specifically excluded by the terms of a section. The
9 following kinds of insurance shall be classified as type I:

10 (VII) PRIVATE PASSENGER MOTOR VEHICLE INSURANCE, FOR RATE
11 INCREASE FILINGS ONLY, INCLUDING RATE FILINGS IN WHICH EXISTING
12 PRODUCTS ARE DISCONTINUED ALONG WITH AN OFFER OF A NEW PRODUCT;
13 AND

14 (VIII) HOMEOWNER'S INSURANCE, FOR RATE INCREASE FILINGS
15 ONLY, INCLUDING RATE FILINGS IN WHICH EXISTING PRODUCTS ARE
16 DISCONTINUED ALONG WITH AN OFFER OF A NEW PRODUCT.

17 **SECTION 2.** In Colorado Revised Statutes, 10-4-403, **add** (2.3)
18 as follows:

19 **10-4-403. Standards for rates - competition - procedure -**
20 **requirement for independent actuarial opinions regarding 1991**

1 **legislation - definition. (2.3) (a)** IN ADDITION TO THE RATE STANDARDS
2 IN SUBSECTION (1) OF THIS SECTION:

3 (I) RATES FOR PRIVATE PASSENGER MOTOR VEHICLE INSURANCE
4 ARE PRESUMED EXCESSIVE IF THE LOSS RATIO IS LESS THAN SEVENTY-FIVE
5 PERCENT; AND

6 (II) RATES FOR HOMEOWNER'S INSURANCE ARE PRESUMED
7 EXCESSIVE IF THE LOSS RATIO IS LESS THAN EIGHTY PERCENT.

8 (b) AN INSURER MAY REBUT THE PRESUMPTION THAT A RATE IS
9 EXCESSIVE UNDER SUBSECTION (2.3)(a) OF THIS SECTION AT A PUBLIC
10 HEARING HELD PURSUANT TO SECTION 10-4-406(3) OR SECTION 10-4-407.

11 (c) AS USED IN THIS SUBSECTION (2.3), "LOSS RATIO" MEANS:

12 (I) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE
13 INSURANCE, THE RATIO OF EXPECTED POLICY BENEFITS PAID BY THE
14 INSURER OVER THE ENTIRE FUTURE PERIOD FOR WHICH THE PROPOSED
15 RATES ARE EXPECTED TO PROVIDE COVERAGE TO THE SUM OF THE
16 EXPECTED EARNINGS FROM PREMIUMS PAID TO THE INSURER OVER THE
17 SAME PERIOD AND ANY PROCEEDS THE INSURER RECEIVES FROM THE
18 SUBROGATION OF CLAIMS; AND

19 (II) WITH RESPECT TO HOMEOWNER'S INSURANCE, THE RATIO OF
20 EXPECTED POLICY BENEFITS PAID BY THE INSURER OVER THE ENTIRE
21 FUTURE PERIOD FOR WHICH THE PROPOSED RATES ARE EXPECTED TO
22 PROVIDE COVERAGE TO THE SUM OF THE EXPECTED EARNINGS FROM
23 PREMIUMS PAID TO THE INSURER OVER THE SAME PERIOD.

24 **SECTION 3.** In Colorado Revised Statutes, 10-4-406, **amend**
25 (2.5) and (5)(b); and **add** (2.3) as follows:

26 **10-4-406. Review of filings - certain coverages - definition.**
27 (2.3) (a) IN ADDITION TO THE RATE STANDARDS IN SUBSECTION (1) OF

1 THIS SECTION:

2 (I) RATES FOR PRIVATE PASSENGER MOTOR VEHICLE INSURANCE
3 ARE PRESUMED EXCESSIVE IF THE LOSS RATIO IS LESS THAN SEVENTY-FIVE
4 PERCENT; AND

5 (II) RATES FOR HOMEOWNER'S INSURANCE ARE PRESUMED
6 EXCESSIVE IF THE LOSS RATIO IS LESS THAN EIGHTY PERCENT.

7 (b) AN INSURER MAY REBUT THE PRESUMPTION THAT A RATE IS
8 EXCESSIVE UNDER SUBSECTION (2.3)(a) OF THIS SECTION AT A PUBLIC
9 HEARING HELD PURSUANT TO SECTION 10-4-406(3) OR SECTION 10-4-407.

10 (c) AS USED IN THIS SUBSECTION (2.3), "LOSS RATIO" MEANS:

11 (I) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE
12 INSURANCE, THE RATIO OF EXPECTED POLICY BENEFITS PAID BY THE
13 INSURER OVER THE ENTIRE FUTURE PERIOD FOR WHICH THE PROPOSED
14 RATES ARE EXPECTED TO PROVIDE COVERAGE TO THE SUM OF THE
15 EXPECTED EARNINGS FROM PREMIUMS PAID TO THE INSURER OVER THE
16 SAME PERIOD AND ANY PROCEEDS THE INSURER RECEIVES FROM THE
17 SUBROGATION OF CLAIMS; AND

18 (II) WITH RESPECT TO HOMEOWNER'S INSURANCE, THE RATIO OF
19 EXPECTED POLICY BENEFITS PAID BY THE INSURER OVER THE ENTIRE
20 FUTURE PERIOD FOR WHICH THE PROPOSED RATES ARE EXPECTED TO
21 PROVIDE COVERAGE TO THE SUM OF THE EXPECTED EARNINGS FROM
22 PREMIUMS PAID TO THE INSURER OVER THE SAME PERIOD.

23 (2.5) For any filing made pursuant to section 10-4-405 for
24 workers' compensation and employer's liability insurance incidental
25 thereto and written in connection therewith, PRIVATE PASSENGER MOTOR
26 VEHICLE INSURANCE, AND HOMEOWNER'S INSURANCE, and where the
27 commissioner determines that it is necessary to use the services

1 authorized in subsection (3.5) of this section, the commissioner ~~shall have~~
2 HAS a reasonable time not to exceed sixty days to review or inspect the
3 filing after it is determined to be complete and before the filing ~~shall~~
4 MUST be considered placed on file pursuant to subsection (2) of this
5 section. The commissioner shall place on file for public inspection the
6 results of any review or examination performed pursuant to subsection
7 (3.5) of this section.

8 (5) (b) If the filing is deemed approved in the absence of
9 affirmative action by the commissioner, as provided in subsection (2) OR
10 (2.3) of this section, ~~it~~ THE FILING shall become effective upon such
11 subsequent date as may be satisfactory to the commissioner and the
12 insurer or rating organization that made the filing; except that rates for
13 workers' compensation insurance shall become effective on January 1
14 unless the commissioner, upon application, makes a finding upon good
15 cause shown that a later date is necessary or appropriate for the
16 implementation of such filing.

17 **SECTION 4. Act subject to petition - effective date -**
18 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
19 the expiration of the ninety-day period after final adjournment of the
20 general assembly; except that, if a referendum petition is filed pursuant
21 to section 1 (3) of article V of the state constitution against this act or an
22 item, section, or part of this act within such period, then the act, item,
23 section, or part will not take effect unless approved by the people at the
24 general election to be held in November 2022 and, in such case, will take
25 effect on the date of the official declaration of the vote thereon by the
26 governor.

1 (2) This act applies to insurance policies issued or renewed on or
2 after January 1, 2023.