



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 24-0453	Date:	May 21, 2024
Prime Sponsors:	Rep. Snyder Sen. Roberts	Bill Status:	Signed into Law
		Fiscal Analyst:	Brendan Fung 303-866-4781 brendan.fung@coleg.gov

Bill Topic: TRAVEL INSURANCE CONSUMER PROTECTIONS

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill creates additional regulations for limited lines travel insurance producers and travel insurance entities. It minimally increases state revenue and state and local workload starting in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Summary of Legislation

The bill creates additional requirements for limited lines travel insurance producers and adopts elements of the National Association of Insurance Commissioner’s Travel Insurance Model Act in the Division of Insurance in the Department of Regulatory Agencies (DORA). Specifically, it updates and clarifies requirements for premium tax payments, consumer disclosures, policy documentation and cancellations, and expanded insurance coverage. Additionally, the Commissioner of Insurance may make rules regarding travel insurance and the bill broadens the definition of travel insurance to include coverage for emergency evacuation, repatriation of remains, and other risks for which a contractual obligation exists.

The bill makes selling travel insurance that could never result in the payment of any claims or marketing blanket travel insurance coverage as free a deceptive trade practice.

State Revenue

Starting in FY 2024-25, the bill may increase state revenue from civil penalties and court filing fees by a minimal amount. The bill does not create a new premium tax requirement on travel insurers; therefore, no change in premium tax revenue will result from the bill.

Civil penalties. Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing fees. The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill may increase workload in the Department of Regulatory Agencies, the Department of Personnel and Administration, the Department of Law, and the Judicial Department beginning in FY 2024-25, as described below.

Department of Regulatory Agencies. The bill increases workload in DORA to make rules regarding travel insurance, oversee new insurer filings, and enforce limited lines licensing. This workload is expected to be minimal and no change in appropriation is required.

- **Legal services.** DORA will require up to 100 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the program, as well as a rise in complaints.

Department of Personnel and Administration. The bill may increase workload starting in FY 2024-25 in the Office of Administrative Courts for disciplinary proceedings against licensed travel insurance producers. This workload is expected to be minimal and no change in appropriation is required.

Department of Law. Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Judicial Department. Trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of two new deceptive trade practices. It is assumed that travel insurance producers will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

Effective Date

The bill was signed into law by the Governor on April 29, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology
Personnel

Judicial
Regulatory Agencies

Law
Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).