

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REENGROSSED

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

LLS NO. 25-0364.01 Renee Leone x2695

SENATE BILL 25-058

SENATE SPONSORSHIP

Snyder, Michaelson Jenet, Mullica

HOUSE SPONSORSHIP

Rydin,

Senate Committees
Health & Human Services

House Committees

A BILL FOR AN ACT

101 **CONCERNING A MODEL ACT TO PROVIDE A FRAMEWORK THAT ALLOWS**
102 **INSURANCE COMPANIES TO GIVE REBATES THAT MEET SPECIFIED**
103 **CRITERIA TO MAINTAIN CONSUMER PROTECTIONS.**

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 creates the "Model Rebate Reform Act" to modernize the law concerning insurance rebates by recognizing new insurance products while maintaining necessary consumer protections. The bill allows an insurer or insurance producer to give a gift valued under \$250 in connection with the marketing, purchase, or retention of an insurance

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

SENATE
3rd Reading Unamended
March 4, 2025

SENATE
Amended 2nd Reading
March 3, 2025

contract and to conduct a free raffle or drawing with prizes valued up to \$500.

Additionally, the bill provides that an insurer or insurance producer may give a free or discounted product or service in conjunction with or related to an insurance contract if the product or service:

- Is intended to educate about, assess, monitor, control, mitigate, or protect an individual against loss of life, health, or property; or
- Has a nexus to or enhances the value of the insurance benefits.

Next, the bill provides that an insurer or insurance producer may provide an additional free or discounted service if the service is at least tangentially related to an insurance contract or the administration of an insurance contract, the receipt of the service is not contingent on the purchase of insurance, and the service is offered on the same terms to all potential insurance customers. Before the purchase of insurance, receipt of a quote for insurance, or designation of an agent of record, the insurer or insurance producer providing the service shall disclose in writing to the recipient that receipt of the service is not contingent on the purchase of insurance.

Lastly, the bill permits the commissioner of insurance to adopt rules as necessary to effectuate the provisions of the bill, including adjusting the financial limitations on gifts and prizes as necessary for inflation.

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

2 **SECTION 1.** In Colorado Revised Statutes, 10-3-1104, **amend**
3 **(1)(g) and (2) introductory portion; and add (2)(e), (2.1), (2.2), (2.3),**
4 **(2.4), (2.5), (2.6), (2.7), and (6) as follows:**

5 **10-3-1104. Unfair methods of competition - unfair or deceptive**
6 **practices - rules - definitions.** (1) **The following are defined as unfair**
7 **methods of competition and unfair or deceptive acts or practices in the**
8 **business of insurance:**

9 **(g) Rebates: Except as OTHERWISE PROVIDED IN THIS SECTION AND**
10 **AS otherwise expressly provided by law, knowingly permitting, or**
11 **offering to make, or making any contract of insurance or agreement as to**

1 such contract, other than as plainly expressed in the insurance contract
2 issued thereon, or paying, or allowing, or giving, or offering to pay,
3 allow, or give, directly or indirectly, as inducement to such insurance or
4 annuity, any rebate of premiums payable on the contract, or any special
5 favor or advantage in the dividends or other benefits thereon ON THE
6 CONTRACT OR ANNUITY, or any valuable consideration or inducement
7 whatever not specified in the contract; or giving, or selling, or purchasing,
8 or offering to give, sell, or purchase, as inducement to such insurance
9 contract or annuity or in connection therewith WITH THE INSURANCE
10 CONTRACT OR ANNUITY, any stocks, bonds, or other securities of any
11 insurance company or other corporation, association, or partnership, or
12 any dividends or profits accrued thereon ON THE STOCKS, BONDS, OR
13 OTHER SECURITIES, or anything of value whatsoever not specified in the
14 contract;

15 (2) Nothing in paragraph (f) or (g) of subsection (1) SUBSECTION
16 (1)(f) OR (1)(g) of this section shall be construed as including within the
17 definition of discrimination or rebates any of the following practices:

18 (e) OFFERING OR PROVIDING, BY OR THROUGH AN EMPLOYEE,
19 AFFILIATE, OR THIRD-PARTY REPRESENTATIVE OF AN INSURER OR
20 INSURANCE PRODUCER, A VALUE-ADDED PRODUCT OR SERVICE AT NO COST
21 OR REDUCED COST, WHEN THE PRODUCT OR SERVICE IS NOT SPECIFIED IN
22 THE INSURANCE POLICY, IF THE PRODUCT OR SERVICE:

23 (I) RELATES TO THE INSURANCE COVERAGE; AND

24 (II) IS PRIMARILY AIMED TO ACHIEVE ONE OR MORE OF THE
25 FOLLOWING:

26 (A) PROVIDE LOSS MITIGATION OR LOSS CONTROL;

27 (B) REDUCE CLAIM COSTS OR CLAIM SETTLEMENT COSTS;

1 (C) PROVIDE EDUCATION ABOUT LIABILITY RISK OR RISK OF LOSS
2 TO INDIVIDUALS OR PROPERTY;

3 (D) MONITOR OR ASSESS RISK, IDENTIFY SOURCES OF RISK, OR
4 DEVELOP STRATEGIES FOR ELIMINATING OR REDUCING RISK;

5 (E) ENHANCE HEALTH;

6 (F) PROMOTE FINANCIAL WELLNESS THROUGH ITEMS SUCH AS
7 EDUCATIONAL OR FINANCIAL PLANNING SERVICES;

8 (G) PROVIDE POST-LOSS SERVICES;

9 (H) ENCOURAGE BEHAVIORAL CHANGES TO IMPROVE THE HEALTH
10 OR REDUCE THE RISK OF DEATH OR DISABILITY OF A CUSTOMER; OR

11 (I) ASSIST IN THE ADMINISTRATION OF EMPLOYEE OR RETIREE
12 BENEFIT INSURANCE COVERAGE.

13 (2.1) THE COST TO AN INSURER OR INSURANCE PRODUCER
14 OFFERING A PRODUCT OR SERVICE TO A CUSTOMER PURSUANT TO
15 SUBSECTION (2)(e) OF THIS SECTION MUST BE REASONABLE IN
16 COMPARISON TO THAT CUSTOMER'S PREMIUMS OR INSURANCE COVERAGE.

17 (2.2) IF AN INSURER OR INSURANCE PRODUCER IS OFFERING A
18 PRODUCT OR SERVICE PURSUANT TO SUBSECTION (2)(e) OF THIS SECTION,
19 THE INSURER OR INSURANCE PRODUCER SHALL PROVIDE A CUSTOMER WITH
20 CONTACT INFORMATION TO ASSIST THE CUSTOMER WITH QUESTIONS
21 REGARDING THE PRODUCT OR SERVICE.

22 (2.3) TO ENSURE CONSUMER PROTECTION WHILE IMPLEMENTING
23 THE PERMITTED PRACTICES SET FORTH IN SUBSECTION (2) OF THIS SECTION,
24 THE COMMISSION MAY ADOPT RULES TO IMPLEMENT AND ENFORCE
25 SUBSECTION (1)(g) OF THIS SECTION.

26 (2.4) THE AVAILABILITY OF A PRODUCT OR SERVICE OFFERED
27 PURSUANT TO SUBSECTION (2)(e) OF THIS SECTION MUST BE:

1 (a) BASED ON DOCUMENTED, OBJECTIVE CRITERIA THAT IS
2 MAINTAINED BY THE INSURER OR INSURANCE PRODUCER AND MUST BE
3 PRODUCED UPON REQUEST BY THE DIVISION; AND

4 (b) OFFERED IN A MANNER THAT IS NOT UNFAIRLY
5 DISCRIMINATORY.

6 (2.5) (a) IF AN INSURER OR INSURANCE PRODUCER DOES NOT HAVE
7 SUFFICIENT EVIDENCE BUT HAS A GOOD FAITH BELIEF THAT A PRODUCT OR
8 SERVICE MEETS THE CRITERIA SET FORTH IN SUBSECTIONS (2)(e)(II)(A) TO
9 (2)(e)(II)(I) OF THIS SECTION, THE INSURER OR INSURANCE PRODUCER
10 SHALL PROVIDE THE PRODUCT OR SERVICE IN A MANNER THAT IS NOT
11 UNFAIRLY DISCRIMINATORY AS PART OF A PILOT OR TESTING PROGRAM FOR
12 NO MORE THAN ONE YEAR.

13 (b) (I) AN INSURER OR INSURANCE PRODUCER SHALL NOTIFY AND
14 RECEIVE APPROVAL FROM THE DIVISION FOR A PILOT OR TESTING PROGRAM
15 PRIOR TO LAUNCHING THE PROGRAM.

16 (II) THE DIVISION SHALL APPROVE OR DENY A PILOT OR TESTING
17 PROGRAM NO LATER THAN THIRTY DAYS AFTER RECEIVING NOTIFICATION
18 PURSUANT TO SUBSECTION (2.5)(b)(I) OF THIS SECTION.

19 (2.6) (a) AN INSURER OR INSURANCE PRODUCER MAY:

20 (I) OFFER OR GIVE A NONCASH GIFT, ITEM, OR SERVICE, INCLUDING
21 A MEAL OR CHARITABLE DONATION, TO OR ON BEHALF OF A CUSTOMER IN
22 CONNECTION WITH THE MARKETING, SALE, PURCHASE, OR RETENTION OF
23 AN INSURANCE CONTRACT IF THE COST DOES NOT EXCEED AN AMOUNT
24 DETERMINED TO BE REASONABLE BY THE COMMISSIONER PER POLICY YEAR
25 PER TERM; OR

26 (II) OFFER OR GIVE A NONCASH GIFT, ITEM, OR SERVICE,
27 INCLUDING A MEAL OR CHARITABLE DONATION, TO OR ON BEHALF OF A

1 CUSTOMER, INCLUDING A COMMERCIAL OR INSTITUTIONAL CUSTOMER, IN
2 CONNECTION WITH THE MARKETING, SALE, PURCHASE, OR RETENTION OF
3 AN INSURANCE CONTRACT IF:

4 (A) THE COST IS REASONABLE IN COMPARISON TO THE PREMIUM OR
5 PROPOSED PREMIUM; AND

6 (B) THE COST OF THE GIFT, ITEM, OR SERVICE IS NOT INCLUDED IN
7 ANY AMOUNT CHARGED TO ANOTHER PERSON OR ENTITY.

8 (b) (I) ANY OFFER, GIFT, OR DRAWING MADE OR CONDUCTED
9 PURSUANT TO THIS SUBSECTION (2.6) MUST BE OFFERED IN A MANNER
10 THAT IS NOT UNFAIRLY DISCRIMINATORY.

11 (II) AN INSURER OR INSURANCE PRODUCER SHALL NOT REQUIRE A
12 CUSTOMER TO PURCHASE, CONTINUE, OR RENEW AN INSURANCE POLICY IN
13 EXCHANGE FOR A GIFT, ITEM, SERVICE, OR PRIZE RECEIVED OR WON
14 PURSUANT TO THIS SUBSECTION (2.6).

15 (2.7) EXCEPT AS APPLIED TO AN INSURER OR INSURANCE
16 PRODUCER'S OFFER OF A VALUE-ADDED PRODUCT OR SERVICE, AN INSURER
17 OR INSURANCE PRODUCER SHALL NOT:

18 (a) OFFER OR PROVIDE INSURANCE AS AN INDUCEMENT TO THE
19 PURCHASE OF ANOTHER POLICY; OR

20 (b) USE THE WORDS "FREE" OR "NO COST" OR WORDS OF SIMILAR
21 IMPORT IN AN ADVERTISEMENT.

22 (6) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
23 REQUIRES:

24 (a) "CUSTOMER" INCLUDES A POLICYHOLDER, POTENTIAL
25 POLICYHOLDER, CERTIFICATE HOLDER, POTENTIAL CERTIFICATE HOLDER,
26 INSURED, POTENTIAL INSURED, OR APPLICANT.

27 (b) "INSURANCE PRODUCER" HAS THE MEANING SET FORTH IN

1 SECTION 10-2-103 (6).

2 **SECTION 2. Act subject to petition - effective date -**
3 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
4 the expiration of the ninety-day period after final adjournment of the
5 general assembly; except that, if a referendum petition is filed pursuant
6 to section 1 (3) of article V of the state constitution against this act or an
7 item, section, or part of this act within such period, then the act, item,
8 section, or part will not take effect unless approved by the people at the
9 general election to be held in November 2026 and, in such case, will take
10 effect on the date of the official declaration of the vote thereon by the
11 governor.

12 (2) This act applies to conduct occurring on or after the applicable
13 effective date of this act.