

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

**REVISED**

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

LLS NO. 25-0582.01 Yelana Love x2295

**HOUSE BILL 25-1205**

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**A BILL FOR AN ACT**

101      **CONCERNING MEASURES TO FACILITATE THE IMPLEMENTATION OF**  
102      **FAIR ACCESS TO INSURANCE REQUIREMENTS PLANS.**

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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 that the fair access to insurance requirements plan association (association) is not:

- A department, unit, agency, political subdivision, or instrumentality of the state; or
- An insurance company or a person engaged in the business of 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  
Amended 2nd Reading  
March 24, 2025

HOUSE  
3rd Reading Unamended  
March 4, 2025

HOUSE  
Amended 2nd Reading  
February 28, 2025

The bill also grants a member insurer, the association and its agents or employees, the board of directors of the association, and the commissioner of the division of insurance or the commissioner's representatives immunity for any action taken by them in the performance of their powers and duties. The bill specifies that the only causes of action and remedies available to a policyholder of a fair access to insurance requirements plan policy against the association is for breach of contract or breach of the common law covenant of good faith and fair dealing.

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

2           **SECTION 1.** In Colorado Revised Statutes, 10-4-1804, **amend**  
3 (1), (2), and (3)(b); and **add** (1.5) as follows:

4           **10-4-1804. Fair access to insurance requirements plan**  
5 **association - creation - participation required.** (1) There is created the  
6 fair access to insurance requirements plan association, or FAIR plan  
7 association, which is a nonprofit, unincorporated ~~public~~ LEGAL entity. All  
8 member insurers are and remain members of the association as a  
9 condition of each member insurer's authority to transact insurance  
10 business in this state. The association shall perform its functions under a  
11 plan of operation established and approved under section 10-4-1807 and  
12 shall exercise its powers through a board of directors established under  
13 section 10-4-1805.

14           (1.5) THE FAIR PLAN ASSOCIATION IS NOT A DEPARTMENT, UNIT,  
15 AGENCY, POLITICAL SUBDIVISION, OR INSTRUMENTALITY OF THE STATE.  
16 ALL DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES INCURRED BY THE  
17 ASSOCIATION ARE THE DEBTS, CLAIMS, OBLIGATIONS, AND LIABILITIES OF  
18 THE ASSOCIATION ONLY, AND ARE NOT THE DEBTS OR PLEDGES OF CREDIT  
19 OF THE STATE OR THE STATE'S AGENCIES, INSTRUMENTALITIES, OFFICERS,  
20 OR EMPLOYEES. THE FUNDS OF THE ASSOCIATION ARE NOT PART OF THE  
21 GENERAL FUND OF THE STATE, AND THE STATE SHALL NOT BUDGET FOR OR

1 PROVIDE GENERAL FUND APPROPRIATIONS TO THE ASSOCIATION.

2 (2) The FAIR plan association is established to provide property  
3 insurance coverage, including commercial property insurance, when such  
4 coverage is not available from admitted companies. THE FAIR PLAN  
5 ASSOCIATION IS NOT AN INSURANCE COMPANY OR A PERSON ENGAGED IN  
6 THE BUSINESS OF INSURANCE; EXCEPT THAT THE PLAN ASSOCIATION MUST  
7 COMPLY WITH SECTIONS 10-1-128; 10-1-136; 10-1-137; 10-3-1104 (1)(h);  
8 10-4-104; 10-4-109.7; 10-4-110; 10-4-110.5; 10-4-110.7; 10-4-110.8 (1),  
9 (2), (3), (4), (7), (9), (10), (11)(a), (11)(b), (11)(c)(I), (12), (13)(h), (14),  
10 AND (16); 10-4-110.9; 10-4-111; 10-4-116; 10-4-117; 10-4-119; 10-4-120;  
11 AND 10-4-1001 TO 10-4-1009.

12 (3) The FAIR plan association shall:

13 (b) Assess and share among member insurers, on a fair and  
14 equitable basis, all expenses, income, and losses based on each member  
15 insurer's written premium for property and commercial property insurance  
16 AND IN THE SAME PROPORTION THAT A MEMBER INSURER'S PREMIUMS  
17 WRITTEN BEAR TO THE AGGREGATE PREMIUMS WRITTEN IN THE STATE BY  
18 ALL MEMBER INSURERS OF THE ASSOCIATION DURING THE PRECEDING  
19 CALENDAR YEAR, consistent with this part 18.

20

21 **SECTION 2.** In Colorado Revised Statutes, **add** 10-4-1810.5 as  
22 follows:

23 **10-4-1810.5. Immunity - exceptions - remedies.** (1) A MEMBER  
24 INSURER, THE FAIR PLAN ASSOCIATION AND ITS AGENTS OR EMPLOYEES,  
25 THE BOARD OF DIRECTORS, AND THE COMMISSIONER OR THE  
26 COMMISSIONER'S REPRESENTATIVES ARE IMMUNE FOR ANY ACTION TAKEN  
27 BY THEM IN THE PERFORMANCE OF THEIR POWERS AND DUTIES UNDER THIS

1 PART 18.

2 (2) (a) THE EXCLUSIVE CAUSES OF ACTION AND REMEDIES  
3 AVAILABLE TO A POLICYHOLDER OF A FAIR PLAN POLICY AGAINST THE  
4 ASSOCIATION IS FOR BREACH OF CONTRACT OR BREACH OF THE COMMON  
5 LAW COVENANT OF GOOD FAITH AND FAIR DEALING.

6 (b) A CLAIM FOR BREACH OF THE COMMON LAW COVENANT OF  
7 GOOD FAITH AND FAIR DEALING AGAINST THE ASSOCIATION REQUIRES  
8 PROOF THAT THE ASSOCIATION ACTED UNREASONABLY AND THAT THE  
9 ASSOCIATION KNEW OR RECKLESSLY DISREGARDED THAT THE  
10 ASSOCIATION'S ACTIONS WERE UNREASONABLE.

11 (c) DAMAGES IN AN ACTION FOR A BREACH OF THE COVENANT OF  
12 GOOD FAITH AND FAIR DEALING ARE LIMITED TO COMPENSATORY  
13 DAMAGES FOR ECONOMIC AND NONECONOMIC LOSSES. A COURT MAY  
14 AWARD PUNITIVE DAMAGES ONLY IF THE ASSOCIATION'S BREACH WAS  
15 ACCOMPANIED BY CIRCUMSTANCES OF FRAUD, MALICE, OR WILLFUL AND  
16 WANTON CONDUCT.

17 (d) IF A POLICYHOLDER SUCCESSFULLY PROVES THAT THE  
18 ASSOCIATION BREACHED THE COVENANT OF GOOD FAITH AND FAIR  
19 DEALING, THE POLICYHOLDER IS ENTITLED TO ATTORNEY FEES AND COSTS.  
20 IF THE COURT FINDS THAT AN ACTION BROUGHT PURSUANT TO THIS  
21 SECTION WAS FRIVOLOUS, AS PROVIDED IN ARTICLE 17 OF TITLE 13, THE  
22 COURT SHALL AWARD COSTS AND ATTORNEY FEES TO THE ASSOCIATION.

23 **SECTION 3. Safety clause.** The general assembly finds,  
24 determines, and declares that this act is necessary for the immediate  
25 preservation of the public peace, health, or safety or for appropriations for  
26 the support and maintenance of the departments of the state and state  
27 institutions.