



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 25-058: INSURANCE REBATE REFORM MODEL ACT

Prime Sponsors:

Sen. Snyder
Rep. Rydin

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill allows insurance companies to offer discounted and promotional prices.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- State Revenue

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, discounting the price of insurance below what is stated in the contract is a deceptive trade practice. The bill allows insurance companies to offer discounts if the primary purpose is to provide value to the customer in one of several specified ways. When it is unclear whether a discount meets these conditions, the company may offer the discount as a part of a pilot program if approved by the Department of Regulatory Agencies (DORA).

State Revenue

The bill may decrease state revenue from violations of deceptive trade practice law in the business of insurance, as outlined below.

Civil Penalties

A person committing a deceptive trade practice in the business of insurance may be subject to a civil penalty of up to \$3,000 for each act, with potentially higher penalties for willful or repeat violations, up to a maximum annual penalty specified in statute. Given that insurers typically comply with the requirements of the law, any potential reduction in criminal activity is expected to be minimal. Penalty revenue is deposited into the General Fund and subject to TABOR.

Filing Fees

Similar to civil penalties, any reduction in revenue to the Judicial Department from filing fees is expected to be minimal. Revenue from filing fees is subject to TABOR.

State Expenditures

Starting in FY 2025-26, the bill minimally impacts workload DORA, the Office of Administrative Courts and the Judicial Department.

Department of Regulatory Agencies

The bill minimally increases workload in DORA to promulgate rules in accordance with the bill and review potential pilot programs. This workload may be offset to the extent that fewer deceptive trade practice complaints are filed or initiated by the commissioner. The department may require legal counsel, provided by the Department of Law, related to rulemaking and ongoing administration of the provisions. Any change in expenditures can be accomplished within existing appropriations.

Hearings and Appeals

The Office of Administrative Courts in the Department of Personnel and Administration, and the Court of Appeals in the Judicial Department may have a decrease in workload from fewer deceptive trade practice related cases. It is assumed that insurers already abide by the law and any change legislation will result in a minimal impact to overall caseload for these courts. No change in appropriations is required.

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

Regulatory Agencies