

## CHAPTER 107

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**INSURANCE**

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**SENATE BILL 97-088**

BY SENATORS Congrove, Alexander, Powers, Arnold, Duke, Hernandez, Martinez, Mutzebaugh, Rizzuto, and Tebedo;  
also REPRESENTATIVES Swenson, Arrington, and Paschall.

**AN ACT**

CONCERNING ALLOWING THE USE OF AN OPERATOR'S POLICY OF LIABILITY INSURANCE FOR PURPOSES  
OF COMPLYING WITH THE MANDATORY MOTOR VEHICLE INSURANCE LAWS.

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

**SECTION 1.** Part 7 of article 4 of title 10, Colorado Revised Statutes, 1994 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**10-4-706.5. Operator's policy of insurance.** (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8) OF THIS SECTION, ANY NATURAL PERSON MAY SATISFY THE REQUIREMENTS OF SECTION 10-4-705 BY OBTAINING, IN LIEU OF AN OWNER'S POLICY OF INSURANCE, AN OPERATOR'S POLICY OF LIABILITY INSURANCE THAT MEETS THE REQUIREMENTS OF THIS SECTION AND THE REQUIREMENTS OF THIS PART 7 AND OF PART 6 OF ARTICLE 4 OF THIS TITLE.

(2) AN OPERATOR'S POLICY OF LIABILITY INSURANCE SHALL PROVIDE COVERAGE, INCLUDING PERSONAL INJURY PROTECTION COVERAGE, IN THE AMOUNTS REQUIRED PURSUANT TO SECTION 10-4-706, AND SHALL STATE, IN CONSPICUOUS TYPE FACE AND FONT ON THE FACE OF THE POLICY, THAT:

(a) THE INSURER IS ONLY LIABLE UNDER THE POLICY FOR LIABILITY OR DAMAGES INCURRED BY THE INSURED WHILE THE NAMED INSURED IS THE OPERATOR OF A MOTOR VEHICLE OR WHILE A MOTOR VEHICLE OWNED BY THE INSURED IS NOT BEING OPERATED BY ANY PERSON;

(b) THE POLICY DOES NOT PROVIDE COVERAGE FOR ANY VICARIOUS LIABILITY IMPOSED ON THE OWNER OF THE MOTOR VEHICLE AS A RESULT OF THE OPERATION BY ANOTHER PERSON OF A MOTOR VEHICLE OWNED BY THE INSURED THAT IS INSURED UNDER AN OPERATOR'S POLICY OF LIABILITY INSURANCE.

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

(c) THE COVERAGE PROVIDED BY THE POLICY MAY NOT MEET THE REQUIREMENTS OF THE MANDATORY MOTOR VEHICLE INSURANCE OR FINANCIAL RESPONSIBILITY LAWS OF OTHER STATES.

(3) NO OPERATOR'S POLICY OF LIABILITY INSURANCE ISSUED PURSUANT TO THIS SECTION MAY BE DELIVERED OR ISSUED FOR DELIVERY IN COLORADO UNLESS THE INSURED HAS SIGNED A STATEMENT THAT APPEARS ON THE CONTRACT STATING THAT THE INSURED HAS READ AND UNDERSTOOD THE POLICY AND ITS LIMITATIONS.

(4) AN OWNER OF A MOTOR VEHICLE THAT IS REGISTERED OR REQUIRED TO BE REGISTERED IN COLORADO AND WHO HOLDS AN OPERATOR'S POLICY OF LIABILITY INSURANCE SHALL NOT PERMIT ANOTHER PERSON TO OPERATE SUCH MOTOR VEHICLE IF THE OWNER KNOWS OR SHOULD KNOW THAT THE PERSON DOES NOT HAVE INSURANCE TO COVER SUCH OTHER PERSON'S OPERATION OF SUCH MOTOR VEHICLE. IF A MOTOR VEHICLE INSURED UNDER AN OPERATOR'S POLICY OF LIABILITY INSURANCE IS DRIVEN BY A PERSON WHO DOES NOT HAVE IN EFFECT A COMPLYING POLICY AS REQUIRED BY SECTION 10-4-705, AND SUCH PERSON IS INVOLVED IN AN ACCIDENT, THE OWNER OF SUCH MOTOR VEHICLE AND SUCH DRIVER SHALL BE LIABLE FOR ANY LIABILITY OR DAMAGES ARISING OUT OF SUCH PERSON'S USE OF SUCH MOTOR VEHICLE.

(5) AN OPERATOR'S POLICY OF LIABILITY INSURANCE SHALL NOT PROVIDE COVERAGE FOR DAMAGES INCURRED WHILE A PERSON OTHER THAN THE NAMED INSURED IS OPERATING A MOTOR VEHICLE.

(6) AN OPERATOR'S POLICY OF LIABILITY INSURANCE MAY PROVIDE COVERAGE THAT APPLIES IN OTHER JURISDICTIONS IF THE COVERAGE AVAILABLE PURSUANT TO THIS SECTION DOES NOT MEET THE MANDATORY AUTOMOBILE INSURANCE REQUIREMENTS OF OTHER JURISDICTIONS.

(7) AN OPERATOR'S POLICY OF LIABILITY INSURANCE SHALL PROVIDE COVERAGE FOR LIABILITY INCURRED BY THE INSURED WHILE A MOTOR VEHICLE OWNED BY THE INSURED IS NOT BEING OPERATED BY ANY PERSON.

(8) THIS SECTION DOES NOT APPLY TO A LESSOR, DEALER, MANUFACTURER, REBUILDER, OR DISTRIBUTOR OF A MOTOR VEHICLE, AN OWNER OF A FLEET, A COMMON, CONTRACT, OR PRIVATE MOTOR CARRIER, OR ANY OTHER INDIVIDUAL WHO OWNS A MOTOR VEHICLE FOR USE IN THE INDIVIDUAL'S BUSINESS.

(9) AN INSURER WRITING POLICIES OF INSURANCE PURSUANT TO THIS PART 7, OR PART 6 OF ARTICLE 4 OF THIS TITLE, MAY OFFER AN OPERATOR'S POLICY OF INSURANCE THAT MEETS THE REQUIREMENTS OF THIS SECTION.

**SECTION 2.** 42-3-105 (2), Colorado Revised Statutes, 1993 Repl. Vol., as amended, is amended to read:

**42-3-105. Application for registration - tax.** (2) Upon applying for a registration card, the owner of a motor vehicle shall receive a written notice that shall be printed on the application for registration, in type that is larger than the other information contained on the application for registration. Such notice shall state that

motor vehicle insurance OR OPERATOR'S coverage is compulsory in Colorado, that noncompliance is a misdemeanor traffic offense, that the minimum penalty for such offense is a one-hundred-dollar fine, and that the maximum penalty for such offense is one year's imprisonment and a one-thousand-dollar fine, and that such owner shall be required as a condition of obtaining a registration card to sign the affirmation clause that appears on such card. The clause shall state, "I swear or affirm in accordance with section 24-12-102, C.R.S., under penalty of perjury that I now have in effect a complying policy of motor vehicle insurance INCLUDING AN OPERATOR'S POLICY pursuant to the "Colorado Auto Accident Reparations Act", part 7 of article 4 of title 10, C.R.S., or a certificate of self-insurance to cover the vehicle OR OPERATOR OF THE VEHICLE for which this registration is issued, and I understand that such insurance must be renewed so that coverage is continuous.  
Signature \_\_\_\_\_, Date \_\_\_\_\_."

**SECTION 3. Applicability.** This act shall apply to policies written on or after the effective date of this act.

**SECTION 4. Effective date.** This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: April 19, 1997