

CHAPTER 37

INSURANCE

SENATE BILL 97-061

BY SENATOR Matsunaka;
also REPRESENTATIVE Owen.

AN ACT

CONCERNING THE APPLICABILITY OF RULES GOVERNING THE SUBMISSION OF ANNUAL FINANCIAL STATEMENTS BY INSURANCE COMPANIES.

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

SECTION 1. 10-3-208, Colorado Revised Statutes, 1994 Repl. Vol., is amended BY THE ADDITION OF A NEW SUBSECTION to read:

10-3-208. Financial statements. (7) (a) IN PREPARING THE STATEMENTS REQUIRED BY SUBSECTION (1) OF THIS SECTION, ALL INSURANCE COMPANIES SHALL FOLLOW THE INSTRUCTIONS, PROCEDURES, AND GUIDELINES OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. IF THE INITIAL APPLICATION OF ANY SUCH INSTRUCTION, PROCEDURE, OR GUIDELINE WOULD CAUSE A REDUCTION IN THE TOTAL CAPITAL AND SURPLUS OF A DOMESTIC INSURER OF TEN PERCENT OR MORE OR WOULD CAUSE THE CAPITAL AND SURPLUS OF A DOMESTIC INSURER TO FALL TO OR BELOW THE COMPANY ACTION LEVEL AS DEFINED BY THE COMMISSIONER BY RULE, SUCH INSURER MAY, WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF SUCH INSTRUCTION, PROCEDURE, OR GUIDELINE, FILE WITH THE COMMISSIONER A REQUEST TO PHASE IN THE EFFECT OF THE INSTRUCTION, PROCEDURE, OR GUIDELINE OVER A PERIOD NOT TO EXCEED THREE YEARS OR A TIME PERIOD APPROVED BY THE COMMISSIONER.

(b) ANY REQUEST MADE PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (7) SHALL INCLUDE A COMPLETE ANALYSIS, IN A FORM PRESCRIBED BY THE COMMISSIONER, OF THE IMPACT UPON THE INSURER MAKING THE REQUEST THAT IS EXPECTED TO RESULT FROM APPLICATION OF THE SUBJECT INSTRUCTION, PROCEDURE, OR GUIDELINE AND, IF A PHASE-IN IS REQUESTED, A DESCRIPTION OF THE INSURER'S PLAN FOR THE PHASE-IN PERIOD. THE COMMISSIONER SHALL NOT DENY A REQUEST FOR A PHASE-IN EXCEPT UPON NOTICE AND THE OPPORTUNITY FOR A HEARING AS

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

PROVIDED IN SECTION 24-4-105, C.R.S.

(c) ANY REQUEST FOR A HEARING MADE PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (7) SHALL INCLUDE A DESCRIPTION OF THE BASIS ON WHICH RELIEF IS SOUGHT. UPON RECEIVING SUCH A REQUEST, THE COMMISSIONER SHALL, WITH REGARD TO THE INSURER MAKING THE REQUEST, POSTPONE THE EFFECTIVE DATE OF THE SUBJECT INSTRUCTION, PROCEDURE, OR GUIDELINE PENDING THE CONCLUSION OF THE HEARING AND THE TAKING OF FINAL AGENCY ACTION THEREON. THE HEARING SHALL COMMENCE WITHIN SIXTY DAYS AFTER THE COMMISSIONER RECEIVES THE REQUEST AND SHALL BE CONDUCTED IN ACCORDANCE WITH SECTION 24-4-105, C.R.S.

SECTION 2. 10-6-130 (2), Colorado Revised Statutes, 1994 Repl. Vol., is amended to read:

10-6-130. Laws applicable. (2) Group captive insurance companies are subject to the provisions of ~~section 10-3-208 (3)~~ SECTION 10-3-208 (3) TO (7), part 2 of article 1 of this title, article 2 of this title, and parts 8 and 14 of article 3 of this title.

SECTION 3. 10-16-111 (1), Colorado Revised Statutes, 1994 Repl. Vol., is amended to read:

10-16-111. Annual statement and reports. (1) **Nonprofit hospital, medical-surgical, and health service corporations.** (a) All corporations subject to the provisions of this part 1 and part 3 of this article doing business in this state on July 1, 1967, or which may thereafter do business in this state, shall make and file annually with the commissioner, on or before the first day of March of each year, a statement under oath upon a form prescribed by the commissioner stating the amount of all membership dues or subscriber fees collected in this state or from residents thereof by the corporation making such statement during the year ending the last day of December next preceding; the amounts actually paid during such year for hospital, medical-surgical, and other health services for the subscribers or members of the corporation, and the amounts placed in established reserves for cases billed but not yet paid, unreported and unbilled cases, retroactive cost adjustments, membership dues or fees paid in advance but not yet earned, and all other liabilities and obligations required of domestic insurers which are consistent with the responsibilities of such corporations. The annual statement made to the commissioner pursuant to this subsection (1) shall at least include the substance of that which is required by what is known as the convention blank form for hospital, medical, and dental service or indemnity corporations adopted from year to year by the national association of insurance commissioners, including any instructions, procedures, and guidelines not in conflict with any provision of this title for completing the convention blank form.

(b) IN PREPARING THE STATEMENTS REQUIRED BY PARAGRAPH (a) OF THIS SUBSECTION (1), ALL INSURANCE COMPANIES SHALL FOLLOW THE INSTRUCTIONS, PROCEDURES, AND GUIDELINES OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. IF THE INITIAL APPLICATION OF ANY SUCH INSTRUCTION, PROCEDURE, OR GUIDELINE WOULD CAUSE A REDUCTION IN THE TOTAL CAPITAL AND SURPLUS OF A DOMESTIC INSURER OF TEN PERCENT OR MORE OR WOULD CAUSE THE CAPITAL AND SURPLUS OF A DOMESTIC INSURER TO FALL TO OR BELOW THE COMPANY ACTION LEVEL AS DEFINED BY THE COMMISSIONER BY RULE, SUCH INSURER MAY,

WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF SUCH INSTRUCTION, PROCEDURE, OR GUIDELINE, FILE WITH THE COMMISSIONER A REQUEST TO PHASE IN THE EFFECT OF THE INSTRUCTION, PROCEDURE, OR GUIDELINE OVER A PERIOD NOT TO EXCEED THREE YEARS OR A TIME PERIOD APPROVED BY THE COMMISSIONER.

(c) ANY REQUEST MADE PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (1) SHALL INCLUDE A COMPLETE ANALYSIS, IN A FORM PRESCRIBED BY THE COMMISSIONER, OF THE IMPACT UPON THE INSURER MAKING THE REQUEST THAT IS EXPECTED TO RESULT FROM APPLICATION OF THE SUBJECT INSTRUCTION, PROCEDURE, OR GUIDELINE AND, IF A PHASE-IN IS REQUESTED, A DESCRIPTION OF THE INSURER'S PLAN FOR THE PHASE-IN PERIOD. THE COMMISSIONER SHALL NOT DENY A REQUEST FOR A PHASE-IN EXCEPT UPON NOTICE AND THE OPPORTUNITY FOR A HEARING AS PROVIDED IN SECTION 24-4-105, C.R.S.

(d) ANY REQUEST FOR A HEARING MADE PURSUANT TO PARAGRAPH (c) OF THIS SUBSECTION (1) SHALL INCLUDE A DESCRIPTION OF THE BASIS ON WHICH RELIEF IS SOUGHT. UPON RECEIVING SUCH A REQUEST, THE COMMISSIONER SHALL POSTPONE THE EFFECTIVE DATE OF THE SUBJECT INSTRUCTION, PROCEDURE, OR GUIDELINE PENDING THE CONCLUSION OF THE HEARING AND THE TAKING OF FINAL AGENCY ACTION THEREON. THE HEARING SHALL COMMENCE WITHIN SIXTY DAYS AFTER THE COMMISSIONER RECEIVES THE REQUEST AND SHALL BE CONDUCTED IN ACCORDANCE WITH SECTION 24-4-105, C.R.S.

SECTION 4. 10-16-421 (1), Colorado Revised Statutes, 1994 Repl. Vol., is amended to read:

10-16-421. Statutory construction and relationship to other laws. (1) Except for sections 10-1-102, 10-1-121, 10-1-122, 10-3-118, 10-3-128, AND 10-3-208 (7), and parts 4 to 7 of article 3 of this title, and as otherwise provided in this article, the provisions of the insurance law and provisions of nonprofit hospital, medical-surgical, and health service corporation laws shall not be applicable to any health maintenance organization granted a certificate of authority under this part 4.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 24, 1997