

## CHAPTER 141

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**INSURANCE**

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**HOUSE BILL 98-1025**

BY REPRESENTATIVES Swenson, Arrington, Veiga, T. Williams, Bacon, Dyer, Mace, McPherson, Morrison, Nichol, Owen, Reeser, and S. Williams;  
also SENATORS J. Johnson, Lacy, Perlmutter, Powers, Tebedo, and Hernandez.

**AN ACT**

CONCERNING REQUIREMENTS FOR PERSONAL INJURY PROTECTION COVERAGE POLICIES.

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

**SECTION 1.** 10-4-706 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

**10-4-706. Required coverages - complying policies - PIP examination program.** (1) Subject to the limitations and exclusions authorized by this part 7, the minimum coverages required for compliance with this part 7 are as follows:

(f) (I) WITH RESPECT TO THE MEDICAL AND REHABILITATION EXPENSE PROVISIONS IN PARAGRAPHS (b) AND (c) OF THIS SUBSECTION (1), AN INSURER SHALL MAKE AVAILABLE AND PROVIDE AT THE OPTION OF THE NAMED INSURED, DEDUCTIBLES AND COINSURANCE ARRANGEMENTS. PURSUANT TO SUCH DEDUCTIBLES AND COINSURANCE ARRANGEMENTS, THE RECIPIENT OF THE CARE, TREATMENT, SERVICES, PRODUCTS, EXPENSES, OR ACCOMMODATIONS SHALL SHARE IN THE PAYMENT OBLIGATIONS FOR SUCH CARE, TREATMENT, SERVICES, PRODUCTS, EXPENSES, OR ACCOMMODATIONS.

(II) ANY DEDUCTIBLES AND COINSURANCE ARRANGEMENTS PROVIDED PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (f) SHALL APPLY ONLY TO THE NAMED INSURED, RESIDENT SPOUSE, RESIDENT RELATIVE, AND PERSONS OPERATING THE COVERED MOTOR VEHICLE WITH THE PERMISSION OF THE NAMED INSURED OR RESIDENT SPOUSE; EXCEPT THAT ANY POLICY OF SUCH PERMISSIVE OPERATOR SHALL BE PRIMARY.

(III) FOR PURPOSES OF THIS PARAGRAPH (f), "RESIDENT RELATIVE" HAS THE SAME MEANING AS SET FORTH IN SUBPARAGRAPH (II) OF PARAGRAPH (d) OF SUBSECTION (2)

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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.*

OF THIS SECTION.

**SECTION 2.** 10-4-706 (2) (a), (2) (b), and (2) (f), Colorado Revised Statutes, are amended to read:

**10-4-706. Required coverages - complying policies - PIP examination program.** (2) (a) (I) An insurer may offer, and provide at the option of the named insured, the benefits described in subsection (1) (b) and (1) (c) of this section through managed care arrangements such as a health maintenance organization (HMO) or a preferred provider organization. ~~INSURERS SHALL MAKE DEDUCTIBLES AND COINSURANCE OPTIONS AVAILABLE IN SUCH POLICY OPTION MAY INCLUDE AND MAY MAKE OTHER CONDITIONS AND LIMITATIONS TO COVERAGE AVAILABLE, INCLUDING, BUT NOT LIMITED TO, DEDUCTIBLES AND COINSURANCE REQUIREMENTS, AS APPROVED BY THE COMMISSIONER.~~ The commissioner shall approve such DEDUCTIBLES, COINSURANCE OPTIONS, conditions, and limitations unless a finding is made by the commissioner that such DEDUCTIBLES, COINSURANCE OPTIONS, conditions, and limitations are unreasonable when compared with benefits provided.

(II) WHEN A PERSON MAKES AN INITIAL APPLICATION FOR INSURANCE COVERAGE UNDER THIS PART 7, IN ADDITION TO ANY OTHER REQUIREMENTS ESTABLISHED BY LAW, THE INSURER SHALL DISCLOSE IN THE SAME MEDIUM AS THAT IN WHICH THE APPLICATION WAS TAKEN, OR IN WRITTEN FORM, THE FOLLOWING INFORMATION REGARDING MANAGED CARE OPTIONS:

(A) THAT MOTOR VEHICLE INSURANCE POLICIES IN COLORADO MAY INCLUDE OPTIONAL MANAGED CARE ARRANGEMENTS, INCLUDING, BUT NOT LIMITED TO, HEALTH MAINTENANCE ORGANIZATIONS AND PREFERRED PROVIDER ORGANIZATIONS;

(B) WHAT MANAGED CARE IS AND HOW IT AFFECTS THE CONSUMER; AND

(C) WHETHER THE INSURER OFFERS SUCH A MANAGED CARE OPTION AND, IF SO, THE DISCLOSURE SHALL INDICATE THAT POTENTIAL COST SAVINGS MAY BE OBTAINED IF AN INSURED CHOOSES TO ACCEPT A MANAGED CARE OPTION.

(b) An insurer ~~may offer~~ SHALL MAKE AVAILABLE, and provide at the option of the named insured, deductible and coinsurance arrangements whereby the recipient of care, treatment, services, products, expenses, or accommodations shares in the payment obligation for such care, treatment, services, products, expenses, or accommodations.

(f) An insurer offering the coverages authorized in paragraphs (a) and (b) of this subsection (2) shall demonstrate in rate filings submitted to the commissioner the savings to the insured to be realized under the plan and shall further submit to the commissioner, for preapproval, any disclosure form to be used to record an insured's election for any coverage authorized in paragraphs (a) and (b) of this subsection (2). A DISCLOSURE FORM FOR A MANAGED CARE ARRANGEMENT SHALL INCLUDE THE FOLLOWING INFORMATION IN TYPE OF AT LEAST TWELVE-POINT SIZE:

(I) THAT A POLICY CONTAINING A MANAGED CARE OPTION MAY BE ACCEPTED OR REJECTED BY THE NAMED INSURED AT ANY TIME UPON NOTICE TO THE INSURER OR ITS AGENT; EXCEPT THAT SUCH CHANGE SHALL NOT AFFECT ANY CLAIM ARISING OUT OF

AN ACCIDENT THAT OCCURRED PRIOR TO THE DATE OF SUCH NOTICE;

(II) THAT OBTAINING OR RENEWING THE INSURANCE POLICY IS NOT DEPENDENT UPON ACCEPTING A MANAGED CARE OPTION; AND

(III) WHAT THE APPROXIMATE COST SAVINGS WILL BE IF THE MANAGED CARE OPTION IS ACCEPTED.

**SECTION 3. Effective date - applicability.** This act shall take effect January 1, 1999, and shall apply to policy options offered and policies issued and renewed on or after said date.

**SECTION 4. 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: April 21, 1998