

CHAPTER 310

INSURANCE

HOUSE BILL 00-1456

BY REPRESENTATIVES Paschall, Coleman, George, Kester, Larson, May, McKay, Spradley, and Zimmerman;
also SENATORS Wattenberg, Hillman, Anderson, Matsunaka, Phillips, and Hernandez.

AN ACT

CONCERNING A REQUIREMENT THAT INSURERS NOTIFY PARTIES OF THE STATUS OF A CLAIM IN A TIMELY MANNER.

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

SECTION 1. Part 1 of article 1 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

10-1-132. Duties to third parties - rules. (1) PURSUANT TO RULES PROMULGATED BY THE COMMISSIONER, AN INSURER SHALL NOTIFY ANY ADDITIONAL INSURED BY ENDORSEMENT ON A GENERAL LIABILITY POLICY, WHOSE INTERESTS ARE AFFECTED BY A CLAIM, OF THE RESULTS OF THE INSURER'S INVESTIGATION OF SUCH CLAIM AND THE STATUS OF THE CLAIM WITHIN A REASONABLE PERIOD OF TIME AS DETERMINED BY THE COMMISSIONER. SUCH NOTICE SHALL INCLUDE A STATEMENT CONFIRMING OR DENYING COVERAGE OF THE CLAIM AND, IF COVERAGE IS DENIED, THE REASONS FOR DENYING COVERAGE OF THE CLAIM OR ANY PORTION OF THE CLAIM. IN THE EVENT COVERAGE HAS NOT BEEN DETERMINED, A COPY OF THE RESERVATION OF RIGHTS LETTER SHALL CONSTITUTE SUFFICIENT NOTICE.

(2) FAILURE TO NOTIFY ANY ADDITIONAL INSURED BY ENDORSEMENT ON A GENERAL LIABILITY POLICY PURSUANT TO THIS SECTION SHALL SUBJECT THE INSURER TO THE PROVISIONS OF SECTIONS 10-3-1108 AND 10-3-1109.

(3) THE PROVISIONS OF THIS SECTION SHALL NOT APPLY TO THOSE CLAIMS UNDER A GENERAL LIABILITY POLICY UPON WHICH A LAWSUIT HAS BEEN FILED.

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

SECTION 2. Effective date - applicability. (1) 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.

(2) The provisions of this act shall apply to insurer claims filed on or after the applicable effective date of this act.

Approved: June 1, 2000