

CHAPTER 31

INSURANCE

SENATE BILL 02-076

BY SENATOR(S) Taylor;
also REPRESENTATIVE(S) Cloer, King, and Mace.**AN ACT****CONCERNING THE AUTHORITY TO INCREASE THE ASSESSMENT CAPACITY OF THE COLORADO GUARANTY FUND FROM ONE PERCENT TO TWO PERCENT TO COVER CLAIMS OF INSOLVENT MEMBER INSURERS.***Be it enacted by the General Assembly of the State of Colorado:***SECTION 1.** 10-4-508 (1) (c), Colorado Revised Statutes, is amended to read:**10-4-508. Powers and duties of the association.** (1) The association shall:

(c) Allocate claims paid and expenses incurred among the three accounts separately and assess member insurers amounts separately for each account necessary to pay: The obligations of the association under paragraph (a) of this subsection (1) subsequent to an insolvency; the expenses of handling covered claims subsequent to an insolvency; the cost of examinations under section 10-4-513; and other expenses authorized by this part 5. The assessments of each member insurer shall be in the proportion that the net direct written premiums of the member insurer for the preceding calendar year on the kinds of insurance in the account bears to the net direct written premiums of all member insurers for the preceding calendar year on the kinds of insurance in the account. Each member insurer shall be notified of the assessment not later than thirty days before it is due. No member insurer may be assessed in any year on any account an amount greater than ~~one~~ TWO percent of that member insurer's net direct written premiums for the preceding calendar year on the kinds of insurance in the account. If the maximum assessment, together with the other assets of the association in any account, does not provide in any one year in any account an amount sufficient to make all necessary payments from that account, the funds available shall be prorated and the unpaid portion shall be paid as soon thereafter as funds become available. The association may defer, in whole or in part, the assessment of any member insurer, if the assessment would cause the member

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

insurer's financial statement to reflect amounts of capital or surplus less than the minimum amounts required for a certificate of authority by any jurisdiction in which the member insurer is authorized to transact insurance; but during the period of deferment no dividends shall be paid to shareholders or policyholders. Deferred assessments shall be paid when such payment will not reduce capital and surplus below required minimums. Such payment shall be refunded to those companies receiving larger assessments by virtue of such deferment or, in the discretion of any such company, credited against future assessments. Each member insurer may set off against any assessment authorized payments made on covered claims and expenses incurred in the payment of such claims by the member insurer if they are chargeable to the account for which the assessment is made.

SECTION 2. Effective date - applicability. This act shall take effect upon passage and shall apply to assessments made pursuant to section 10-4-508 (1) (c), Colorado Revised Statutes, on or after said date.

SECTION 3. 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 22, 2002