

## CHAPTER 317

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**INSURANCE**

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**HOUSE BILL 03-1348**

BY REPRESENTATIVE(S) Rhodes;  
also SENATOR(S) Kester.

**AN ACT****CONCERNING THE AUTHORITY OF DOMESTIC LIFE INSURANCE COMPANIES RELATING TO SEPARATE ACCOUNT CONTRACTS.**

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

**SECTION 1.** The introductory portion to 10-7-402 (1), Colorado Revised Statutes, is amended to read:

**10-7-402. Investment contract funds - separate accounts.** (1) A domestic life insurance company may establish one or more separate accounts and may allocate thereto amounts, including without limitation proceeds applied under optional modes of settlement or under dividend options, to provide for life insurance or annuities and benefits incidental thereto, payable in fixed or variable amounts or both AND MAY ACCUMULATE OR HOLD FUNDS PAID PURSUANT TO FUNDING AGREEMENTS OR GUARANTEED INVESTMENT CONTRACTS, subject to the following:

**SECTION 2.** 10-3-541 (2) (a), Colorado Revised Statutes, is amended, and the said 10-3-541 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**10-3-541. Priority of distribution - definitions.** (2) (a) ~~As used in this section, "insurer's estate" means the general assets of such insurer less any assets held in separate accounts that, pursuant to section 10-7-402, are not chargeable with liabilities arising out of any other business of the insurer. To the extent, if any, assets maintained in the separate account are in excess of the amounts needed to satisfy claims under the separate account contracts, the excess shall be treated as part of the insurer's estate.~~

(3) AS USED IN THIS SECTION:

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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.*

(a) "INSURER'S ESTATE" MEANS THE GENERAL ASSETS OF SUCH INSURER LESS ANY ASSETS HELD IN SEPARATE ACCOUNTS THAT, PURSUANT TO SECTION 10-7-402, ARE NOT CHARGEABLE WITH LIABILITIES ARISING OUT OF ANY OTHER BUSINESS OF THE INSURER. TO THE EXTENT, IF ANY, ASSETS MAINTAINED IN THE SEPARATE ACCOUNT ARE IN EXCESS OF THE AMOUNTS NEEDED TO SATISFY CLAIMS UNDER THE SEPARATE ACCOUNT CONTRACTS, THE EXCESS SHALL BE TREATED AS PART OF THE INSURER'S ESTATE.

(b) "SEPARATE ACCOUNT CONTRACT" MEANS ANY LIFE POLICY OR CONTRACT, ANNUITY CONTRACT, FUNDING AGREEMENT, OR GUARANTEED INVESTMENT CONTRACT PROVIDING FOR THE ALLOCATION OF AMOUNTS RECEIVED IN CONNECTION WITH SUCH POLICY, CONTRACT, OR AGREEMENT TO A SEPARATE ACCOUNT AUTHORIZED BY SECTION 10-7-402.

**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: May 22, 2003