

CHAPTER 228

INSURANCE

SENATE BILL 10-076

BY SENATOR(S) Carroll M., Boyd;
also REPRESENTATIVE(S) Primavera, Apuan, Fischer, Frangas, Hullinghorst, Labuda, Levy, Merrifield, Pommer, Ryden,
Solano, Todd.

AN ACT**CONCERNING UNREASONABLE INSURANCE CLAIMS SETTLEMENT PRACTICES.**

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

SECTION 1. 10-3-1104 (1), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

10-3-1104. Unfair methods of competition and unfair or deceptive acts or practices. (1) The following are defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(hh) UNFAIR COMPENSATION PRACTICES: BASING THE COMPENSATION OF CLAIMS EMPLOYEES OR CONTRACTED CLAIMS PERSONNEL, INCLUDING COMPENSATION IN THE FORM OF PERFORMANCE BONUSES OR INCENTIVES, ON ANY OF THE FOLLOWING:

(I) THE NUMBER OF POLICIES CANCELED;

(II) THE NUMBER OF TIMES COVERAGE IS DENIED;

(III) THE USE OF A QUOTA LIMITING OR RESTRICTING THE NUMBER OR VOLUME OF CLAIMS; OR

(IV) THE USE OF AN ARBITRARY QUOTA OR CAP LIMITING OR RESTRICTING THE AMOUNT OF CLAIMS PAYMENTS WITHOUT DUE CONSIDERATION OF THE MERITS OF THE CLAIM.

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. 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 17, 2010