



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 14, 2023)

Drafting Number:	LLS 23-0809	Date:	April 18, 2023
Prime Sponsors:	Rep. McCluskie; Amabile Sen. Roberts	Bill Status:	House Second Reading
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Bill Topic: FAIR ACCESS TO INSURANCE REQUIREMENTS PLAN

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Diversion	<input checked="" type="checkbox"/> Statutory Public Entity

The bill creates the FAIR Plan Association to offer property insurance coverage that is not otherwise available on the market, consisting of all companies offering property insurance in the state. The bill minimally increases state expenditures beginning in FY 2023-24.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House State, Civic, Military, and Veterans Affairs Committee.

Summary of Legislation

The bill creates the Fair Access to Insurance Requirements (FAIR) Plan Association, a nonprofit, unincorporated public entity, whose members consist of all companies that offer or sell property insurance in Colorado. The association may offer property insurance policies and reinsurance through licensed producers to provide coverage that is not otherwise available, called the FAIR Plan. All expenses, income, and losses are shared among member insurers. The association is managed by a board of directors, who are to be appointed by the Governor by January 1, 2024. The Commissioner of Insurance in the Department of Regulatory Agencies (DORA) may adopt rules for the association or the plan. The association must submit an annual report to the commissioner regarding the FAIR Plan beginning April 1, 2025.

The association may collect fees from member insurers to generate sufficient start-up revenue or meet its financial obligations. Any fees paid may be recouped from the member insurer's policyholders, but not by an increase in premiums. Any member insurer that does not comply is subject suspension or revocation of its certificate of authority or a fine, subject to judicial review.

State Expenditures

The bill increases state workload in DORA, the Department of Law, the Governor's Office, and the Judicial Department by a minimal amount, as discussed below.

Department of Regulatory Agencies. The bill increases workload to review rate filings, liaise with the FAIR Plan Association, and adopt rules. This workload is expected to be minimal, and no change in appropriations is required. In addition, DORA requires approximately 100 hours of legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Ongoing enforcement activities are expected to be conducted within the normal course of business.

Governor's Office. Workload will minimally increase for the Governor's Office of Boards and Commissions to make the required appointments under the bill. This work can be accomplished within existing appropriations.

Judicial Department. To the extent any judicial reviews are filed of board or commissioner actions, workload will increase in the trial courts. This can be accomplished within existing resources.

Statutory Public Entity

The fiscal note assumes that the costs associated with the FAIR Plan Association, including costs for staff and administration and coordination with member organizations, will be determined and incurred by the association to be shared among member insurers. Similarly, the fees required to be paid by member organizations and premium payments paid by policyholders will be determined by the association. As a result, the association's revenue and expenditures have not been estimated.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Governor's Office
Personnel

Judicial
Regulatory Agencies

Law