



Colorado
Legislative
Council
Staff

SB17-182

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0909

Date: February 21, 2017

Prime Sponsor(s): Sen. Gardner
Rep. Neville P.; Willett

Bill Status: Senate Judiciary

Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: UNINSURED MOTOR VEHICLE & MEDICAL COVERAGE

Summary of Legislation

The bill clarifies that an insurer is not required to reimburse a policyholder for an amount that exceeds actual damages caused during a collision covered by an uninsured or under-insured motorist (UM/UIM) coverage policy. The maximum liability of the insurer is the lesser of:

- the difference between the limit of UM/UIM coverage and the amount paid to the insured by or for any person or organization who may be held legally liable for the bodily injury, or
- the amount of damages sustained but not recovered.

The bill also allows a UM/UIM policy to contain provisions that prohibit stacking the limits of more than one policy, with exceptions. Under the bill, the Insurance Commissioner in the Department of Regulatory Agencies must accept policies that prohibit stacking the limits of more than one UM/UIM coverage policy.

Background

Automobile owners in Colorado are required to have liability insurance that will cover a minimum of \$25,000 in bodily injury per person, \$50,000 in bodily injury per accident, and \$15,000 in property damage. Colorado has never required automobile owners to carry UM/UIM coverage. However, automobile owners may choose to have insurance to cover bodily injury or property damage caused by uninsured/under-insured motorists, and must provide a written waiver if they opt to turn it down.

Uninsured motorist coverage for bodily injury. UM/UIM coverage pays for medical and other expenses from bodily injuries that result from an accident where the at-fault driver does not have sufficient liability coverage to cover the loss. Under current law, all insurers in the state must provide UM/UIM coverage in an amount equal to the policyholder's current level of liability coverage for bodily injury, unless this coverage is rejected by the policyholder in writing. A policyholder making such a rejection may opt to carry a lower level of coverage or reject coverage completely.

Assessment

The bill affects consumer insurance contracts but does not affect the revenue or expenditures of any state agency or local government. It is therefore assessed as having no fiscal impact.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed. The bill applies to events causing liability covered by an uninsured or under-insured motor vehicle insurance policy on or after this date.

State and Local Government Contacts

Information Technology
Personnel
Regional Transportation District

Law
Public Safety
Regulatory Agencies