



317.875.5250 | [F] 317.879.8408  
3601 Vincennes Road, Indianapolis, Indiana 46268

202.628.1558 | [F] 202.628.1601  
20 F Street N.W., Suite 510 | Washington, D.C. 20001

Colorado State Legislature  
Senate Judiciary Committee

April 23, 2019

*(Sent via email to committee staff)*

**RE: SB 237, Colorado Consumer Protection Act – NAMIC’s written testimony in opposition**

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony for the April 24, 2019, public hearing. Unfortunately, I will be unable to attend the public hearing, because of a prior professional commitment.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country’s largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 163 members who write property/casualty in the State of Colorado, which represents 45% of the insurance marketplace.

NAMIC is opposed to the proposed legislation, because it will facilitate and encourage the development of a class action litigation “cottage industry” that will adversely impact the timely settlement of Colorado Consumer Protection Act (Act) claims and will be an unnecessary insurance rate cost-driver that could adversely impact the cost of insurance for consumers.

The proposed legislation authorizes the filing of class action lawsuits for alleged Consumer Protection Act claims and the award of attorney’s fees to the class action attorney.

NAMIC believes that the proposed legislation is unnecessary, because there is no evidence to support the contention that class action litigation is necessary to provide consumers with an effective litigation approach to resolving disputes over whether an insurer has violated the Act. The only thing the bill really will do is to create a significant economic benefit for plaintiff attorneys to market class action litigation, so they can secure an award of attorney’s fees, which are typically quite large in class action lawsuits.

We are opposed to SB 237, because it is more than just a “solution in search of a problem”, it is a legislative attempt to create an unnecessary and inappropriate income generating cause of action for the benefit of class action attorneys to the detriment of defendants and insurance consumers. The practical impact of the bill is that it will ultimately force defendants and their insurers into a “Hobson’s Choice” - either pay the cost of an expensive class action lawsuit defense or settle frivolous or legally suspect claims that can be lumped together by plaintiff attorneys into class action



lawsuits that can be used to coerce unfair settlements. Class action litigation should not be weaponized in this way, it should be used, as it was designed - to create a judicially efficient mechanism to address complex lawsuits where there are a large number of similarly situated plaintiffs.

For the aforementioned reasons, NAMIC respectfully requests that you **VOTE NO** on SB 237, because this bill is a classic example of bad public policy special interest legislation.

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at [crataj@namic.org](mailto:crataj@namic.org), if you would like to discuss NAMIC's written testimony.

Respectfully,

Christian John Rataj, Esq.  
NAMIC Senior Regional Vice President  
State Government Affairs, Western Region