

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 17-1053.01 Thomas Morris x4218

SENATE BILL 17-274

SENATE SPONSORSHIP

Holbert,

HOUSE SPONSORSHIP

Garnett,

Senate Committees

Business, Labor, & Technology

House Committees

A BILL FOR AN ACT

101 **CONCERNING AN AUTHORIZATION FOR NONADMITTED INSURERS TO**
102 **OFFER DISABILITY INSURANCE AS A TYPE OF SURPLUS LINES**
103 **INSURANCE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Current law allows nonadmitted insurers to offer only property and casualty insurance as types of surplus lines insurance. The bill:

- ! Defines "disability insurance" as insurance that is in excess of policy limits available from an admitted insurer, provides income replacement to an insured who becomes

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

SENATE
2nd Reading Unamended
April 20, 2017

an individual with a disability while covered by a policy,
and does not provide coverage for the diagnosis or
treatment of an insured's disability; and
! Allows nonadmitted insurers to offer disability insurance
as a type of surplus lines insurance.

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

2 **SECTION 1.** In Colorado Revised Statutes, 10-5-101.1, **amend**
3 (1) introductory portion as follows:

4 **10-5-101.1. Legislative declaration.** (1) The general assembly
5 finds and declares that DISABILITY, property, and casualty insurance
6 transactions with nonadmitted insurers are so affected with a public
7 interest as to require regulation, taxation, supervision, and control of such
8 transactions and matters relating thereto, as provided in this ~~article~~
9 ARTICLE 5, in order to:

10 **SECTION 2.** In Colorado Revised Statutes, 10-5-101.2, **amend**
11 the introductory portion, (10), and (13); and **add** (4.5) as follows:

12 **10-5-101.2. Definitions.** As used in this ~~article~~ ARTICLE 5, unless
13 the context otherwise requires:

14 (4.5) "DISABILITY INSURANCE" MEANS INSURANCE THAT:

15 (a) IS IN EXCESS OF POLICY LIMITS AVAILABLE UNDER A POLICY
16 ISSUED BY AN ADMITTED INSURER;

17 (b) PROVIDES INCOME REPLACEMENT TO AN INSURED WHO
18 BECOMES AN INDIVIDUAL WITH A DISABILITY WHILE COVERED BY THE
19 DISABILITY INSURANCE POLICY; AND

20 (c) DOES NOT PROVIDE COVERAGE FOR THE DIAGNOSIS OR
21 TREATMENT OF AN INSURED'S DISABILITY.

22 (10) "Nonadmitted insurance" means any DISABILITY, property, or
23 casualty insurance permitted in a state to be placed directly or through a

1 broker with a nonadmitted insurer eligible to accept such insurance.
2 "Nonadmitted insurance" includes independently procured insurance and
3 surplus lines insurance.

4 (13) "Surplus lines insurance":

5 (a) Means coverage placed with an eligible nonadmitted insurer
6 as provided by section 10-5-108; AND

7 (b) INCLUDES DISABILITY INSURANCE.

8 **SECTION 3. Act subject to petition - effective date -**

9 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
10 the expiration of the ninety-day period after final adjournment of the
11 general assembly (August 9, 2017, if adjournment sine die is on May 10,
12 2017); except that, if a referendum petition is filed pursuant to section 1
13 (3) of article V of the state constitution against this act or an item, section,
14 or part of this act within such period, then the act, item, section, or part
15 will not take effect unless approved by the people at the general election
16 to be held in November 2018 and, in such case, will take effect on the
17 date of the official declaration of the vote thereon by the governor.

18 (2) This act applies to disability insurance offered on or after the
19 applicable effective date of this act.