



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 18-0794	<b>Date:</b>	March 1, 2018
<b>Prime Sponsors:</b>	Rep. Becker J. Sen. Coram	<b>Bill Status:</b>	House Finance
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**Bill Topic:** PROPERTY CASUALTY INSURANCE CLAIM APPRAISAL PROCEDURES

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure ( <i>minimal</i> )	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill addresses situations in which an insurer and an insured disagree over the value of a loss under an insurance contract and specifies how this is to be handled by appraisers and umpires. The bill creates a minimal ongoing state workload increase.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note represents the introduced bill.

**Summary of Legislation**

This bill addresses the situation in which an insurer and an insured disagree over the value of a loss under an insurance contract. The appraisers representing the insurer and the insured, or a court of competent jurisdiction are required to appoint a neutral party, or umpire, to resolve the disputed issues. Appraisers and umpires with a known, direct, and material interest in the outcome of the appraisal or a substantial relationship with a party to the appraisal are disqualified from service. Appraisers and umpires are required to make certain disclosures to other appraisers, umpires, and parties to the appraisal. Finally, the bill prohibits ex parte communications during the appraisal proceeding.

**State Expenditures**

By creating explicit obligations of impartiality, the bill may create a minimal workload increase for trial courts in the Judicial Department to hear civil actions for breach of contract or other similar claims. Trial courts may also have a workload increase to appoint umpires when parties fail to agree on an appointment. This workload increase can be accomplished within existing appropriations.

## Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed and applies to appraisals conducted on or after that date.

## State and Local Government Contacts

Information Technology

Judicial

Regulatory Agencies