

Colorado Legislative Council Staff Fiscal Note
**STATUTORY PUBLIC ENTITY
 FISCAL IMPACT**

Drafting Number: LLS 11-0385

Date: January 18, 2011

Prime Sponsor(s): Rep. Riesberg

Bill Status: House Economic & Business Development

Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING THE COLORADO INSURANCE GUARANTY ASSOCIATION.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: August 10, 2011, assuming the General Assembly adjourns May 11, 2011, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: None.		
Local Government Impact: None.		

Summary of Legislation

This bill updates the statutes of the Colorado Insurance Guaranty Association (CIGA). As specified in the bill, CIGA's obligations exclude losses incurred but not reported, as well as claims not timely filed. The bill deletes a \$100 deductible, raises the cap on claims from \$100,000 to \$300,000, and requires that CIGA payments be reduced by amounts recoverable from other insurance policies.

Background

CIGA is a statutory not-for-profit organization with a membership of all property and casualty insurance companies legally operating in Colorado. The association pays insurance claims for insolvent insurance companies. For this purpose, CIGA charges annual fees to its members and is authorized to assess members following the insolvency of a member company.

Statutory Public Entity Impact

The bill increases the amount CIGA can pay on claims. Any increase in actual CIGA payments depends on the size and number of insolvencies in the state's property and casualty insurance industry after the effective date. The fiscal note assumes that CIGA will assess its member companies appropriately to address any increase in CIGA expenditures.

Departments Contacted

Regulatory Agencies