


*Colorado Legislative Council Staff Fiscal Note***NO FISCAL IMPACT**

Drafting Number: LLS 11-0750**Date:** March 9, 2011**Prime Sponsor(s):** Sen. Carroll
Rep. Liston**Bill Status:** Senate Business, Labor and Technology**Fiscal Analyst:** Clare Pramuk (303-866-2677)

TITLE: CONCERNING THE ESTABLISHMENT OF AN INSURABLE INTEREST REQUIREMENT FOR LIFE INSURANCE POLICIES.**Summary of Legislation**

This bill creates the Insurable Interest Act that requires purchasers of life insurance policies to have an insurable interest, as defined in the bill, in the insured person. A violation of this requirement by a person regulated under the Colorado Insurance Code, is an unfair or deceptive act or practice and subject to an enforcement action by the Commissioner of Insurance. The bill allows for parties to file a civil action against the beneficiary to recover death benefits paid out on an insurance policy that was issued in violation of the bill.

State Expenditures

This bill does not increase the revenues or expenditures of any state agency, so is assessed as having no fiscal impact. The fiscal note assumes that the bill will have a high rate of compliance. In addition, the Division of Insurance, in the Department of Regulatory Agencies, has not received any consumer complaints on the issue of insurable interest, so no enforcement actions or judicial reviews are expected. A few civil actions may be brought to recover death benefits, but since it applies to policies written on or after the effective date of the bill, no cases are expected until several years after the bill is enacted. Any cases brought would be addressed within existing resources of the Judicial Branch.

Departments Contacted

Judicial

Law

Regulatory Agencies