



Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS 06-0196**Date:** January 11, 2006**Prime Sponsor(s):** Rep. Coleman
Sen. Veiga**Bill Status:** House Business Affairs and Labor**Fiscal Analyst:** Gary J. Estenson (303-866-4976)

TITLE: CONCERNING THE REQUIREMENT THAT AN INSURER MAKE CERTAIN DISCLOSURES TO CONSUMERS REGARDING THE CONTENT OF AUTOMOBILE INSURANCE POLICIES.

Summary of Assessment

This legislation adds new disclosure requirements for insurance carriers authorized to write automobile insurance policies in the state, requires written consent from policyholders in some instances, and requires the Commissioner of Insurance to promulgate by rule a uniform automobile insurance disclosure form.

As follows, the new disclosures require insurance carriers to provide policyholders a clear explanation of:

- the insurance coverage and products purchased;
- the amount of coverage per insurance product purchased; and
- the applicability of coverage depending on whether the policyholder is at-fault or not-at-fault in an automobile accident.

Under current law, an insurance carrier is required to receive the consent of the insured when an enhanced or optional coverage is added to an automobile insurance policy at a cost to the policyholder. A record of this consent is required to be kept on file by the insurance carrier for three years. This legislation requires the consent to be in writing and that written consent is reflected in the record.

Finally, this legislation requires the Commissioner of Insurance to establish a uniform disclosure form by rule. This form shall include general information about automobile insurance, information about the policyholder's required coverage, and an explanation of available or chosen optional coverages.

The Department of Regulatory Agencies, Division of Insurance will be required to promulgate by rule the uniform disclosure form required by this legislation. However, the rule promulgation will be minimal and is considered to be part of the division's ongoing workload. As such, the bill does not impact state or local revenues or expenditures and is assessed as having no fiscal impact. This legislation is effective January 1, 2007, unless a referendum petition is filed.

Departments Contacted

Regulatory Agencies