

**First Regular Session
Sixty-third General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 01-0939.02 Pam Cybyske

HOUSE BILL 01-1407

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A BILL FOR AN ACT

101 **CONCERNING THE SALE OF THE COLORADO COMPENSATION INSURANCE**
102 **AUTHORITY, AND, IN CONNECTION THEREWITH, TRANSFERRING**
103 **THE COLORADO COMPENSATION INSURANCE AUTHORITY TO THE**
104 **DEPARTMENT OF LABOR AND EMPLOYMENT AS A TYPE 1**
105 **TRANSFER AND REQUIRING THE SUBSEQUENT SALE OF THE**
106 **COLORADO COMPENSATION INSURANCE AUTHORITY TO AN**
107 **ACQUIRING ENTITY.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Creates a transition commission (commission) to facilitate the sale

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.

of the Colorado compensation insurance authority (authority).

Requires the commission to sell all or a portion of the authority's assets to an acquiring entity with the approval of the governor.

Specifies that the agreement for sale of the authority contain the following provisions:

- That the commission shall have received before the effective date of the sale an opinion of a nationally recognized investment banking firm that the consideration for the assets to be transferred is fair from a financial point of view.
- The commission shall have received before the effective date of the sale an opinion of a nationally recognized actuarial firm that the assets of the authority are adequate to permit the payment of all liabilities under policies of insurance assumed by the acquiring entity based upon sound actuarial principles.
- The commission shall have determined before the effective date of the sale that the consideration for the assets to be transferred is among the highest cash offers by a qualified bidder as provided for in this section not using the authority assets, is fair from a financial point of view, and is sufficient such that the credit of the state shall not have been granted to, nor in aid of any person, association, or corporation, public or private.
- That the commission with the advice of the commissioner of insurance (commissioner) shall make a determination that the bidder has adequate resources and will operate as a domestic insurer.
- Allows the commission to consult with or receive information or recommendations from the commissioner or any other person it considers appropriate.

Requires that the consideration in the sale is the property of the state of Colorado and that all but 1% of such consideration be placed in the general fund. Requires that 1% of the consideration be placed in a separate fund to be held by the state treasurer and administered by the commissioner and the commission for the purposes of winding up the affairs of the authority. Moneys not used in the windup of the authority shall revert to the general fund.

Allows the commission to dispose of the assets and liabilities including any real or personal property, bonds and other obligations, shares or other securities, or interests of the authority.

Requires the acquiring entity to make certain provisions for current employees of the authority.

Immunizes members of the commission from civil liability for acts done in good faith and within the scope of the member's duties.

Requires the commission to make a report to the general assembly and the governor 7 days before the sale of the authority providing the name and business address of each bidder, the amount, terms and conditions of each respective bid, and the copies of the investment banking and actuarial opinions.

States that the acquiring entity shall provide workers' compensation insurance to insureds in a manner consistent with the way the authority provided workers' compensation insurance.

Specifies that the acquiring entity is subject to regulation by the commissioner.

Transfers the authority to the department of labor and employment as a **type 1** transfer.

Allows the board of directors of the Colorado compensation insurance authority to enter into personal services contracts with current employees of the authority.

Grants the authority the ability to issue bonds with the approval of the general assembly. Specifies that the authority is an enterprise for purposes of section 20 of article X of the state constitution.

Makes conforming amendments.

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

2 **SECTION 1.** Article 45 of title 8, Colorado Revised Statutes, is
3 amended BY THE ADDITION OF A NEW PART to read:

4 PART 2

5 SALE OF THE COLORADO COMPENSATION INSURANCE

6 AUTHORITY

7 **8-45-201. Definitions.** AS USED IN THIS PART 2, UNLESS THE
8 CONTEXT OTHERWISE REQUIRES:

9 (1) "ACQUIRING ENTITY" MEANS A DOMESTIC STOCK INSURER,
10 DOMESTIC MUTUAL INSURER, OR RECIPROCAL OR INTER-INSURANCE
11 EXCHANGE ORGANIZED PURSUANT TO TITLE 10, C.R.S.

12 (2) "AUTHORITY" MEANS THE COLORADO COMPENSATION
13 INSURANCE AUTHORITY.

14 (3) "COMMISSION" MEANS THE TRANSITION COMMISSION CREATED

1 IN SECTION 8-45-202.

2 (4) "EFFECTIVE DATE OF SALE" MEANS THE DATE ON WHICH THE
3 ACTUAL TRANSFER OF THE COLORADO COMPENSATION INSURANCE
4 AUTHORITY TO AN ACQUIRING ENTITY OCCURS, AUTHORIZED BY SECTION
5 8-45-203.

6 (5) "PERSON" SHALL HAVE THE SAME MEANING AS SET FORTH IN
7 SECTION 2-4-401 (8), C.R.S.

8 **8-45-202. Transition commission - creation - sale of assets of**
9 **Colorado compensation insurance authority to an acquiring entity -**
10 **conditions.** (1) THERE IS HEREBY CREATED A TRANSITION COMMISSION
11 WITHIN THE GOVERNOR'S OFFICE TO FACILITATE THE TRANSFER AND SALE
12 OF THE AUTHORITY. THE COMMISSION SHALL HAVE FIVE MEMBERS. THREE
13 MEMBERS SHALL BE APPOINTED BY THE GOVERNOR, ONE MEMBER SHALL BE
14 APPOINTED BY THE PRESIDENT OF THE SENATE, AND ONE MEMBER SHALL BE
15 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. THE
16 APPOINTMENTS SHALL BE MADE ON OR BEFORE JUNE 30, 2001.

17 (2) THE COMMISSION SHALL ENTER INTO AND CONSUMMATE, UNDER
18 TERMS AND CONDITIONS APPROVED BY THE GOVERNOR, AN AGREEMENT IN
19 THE NAME OF THE STATE OF COLORADO FOR THE SALE OF ALL OR
20 SUBSTANTIALLY ALL OF THE ASSETS OF THE AUTHORITY TO AN ACQUIRING
21 ENTITY, AND ASSUMPTION OF ALL OR SUBSTANTIALLY ALL OF THE
22 LIABILITIES OF THE AUTHORITY BY THE ACQUIRING ENTITY SUBJECT TO THE
23 FOLLOWING CONDITIONS:

24 (a) THE COMMISSION SHALL HAVE RECEIVED BEFORE THE
25 EFFECTIVE DATE OF THE SALE AN OPINION OF A NATIONALLY RECOGNIZED
26 INVESTMENT BANKING FIRM THAT THE CONSIDERATION FOR THE ASSETS TO
27 BE TRANSFERRED IS FAIR FROM A FINANCIAL POINT OF VIEW.

1 (b) THE COMMISSION SHALL HAVE RECEIVED BEFORE THE
2 EFFECTIVE DATE OF THE SALE AN OPINION OF A NATIONALLY RECOGNIZED
3 ACTUARIAL FIRM THAT THE ASSETS OF THE AUTHORITY TRANSFERRED TO
4 AN ACQUIRING ENTITY ARE ADEQUATE TO PERMIT THE PAYMENT OF ALL
5 LIABILITIES UNDER POLICIES OF INSURANCE ASSUMED BY THE ACQUIRING
6 ENTITY BASED UPON SOUND ACTUARIAL PRINCIPLES.

7 (c) THE COMMISSION SHALL HAVE DETERMINED BEFORE THE
8 EFFECTIVE DATE OF THE SALE THAT THE CONSIDERATION FOR THE ASSETS
9 TO BE TRANSFERRED IS AMONG THE HIGHEST CASH OFFERS BY A QUALIFIED
10 BIDDER AS PROVIDED FOR IN THIS SECTION NOT USING THE AUTHORITY
11 ASSETS, IS FAIR FROM A FINANCIAL POINT OF VIEW, AND IS SUFFICIENT SUCH
12 THAT THE CREDIT OF THE STATE SHALL NOT HAVE BEEN GRANTED TO, NOR
13 IN AID OF ANY PERSON, ASSOCIATION, OR CORPORATION, PUBLIC OR
14 PRIVATE. THE COMMISSION WITH THE ADVICE OF THE INSURANCE
15 COMMISSIONER SHALL MAKE A DETERMINATION THAT THE BIDDER HAS
16 ADEQUATE RESOURCES TO CAPITALIZE THE ACQUIRING ENTITY, AND WILL
17 OPERATE THE ACQUIRING ENTITY AS A DOMESTIC INSURER.

18 (d) THE COMMISSION, AS IT CONSIDERS APPROPRIATE FROM TIME TO
19 TIME, MAY CONSULT WITH OR RECEIVE INFORMATION OR
20 RECOMMENDATIONS FROM THE INSURANCE COMMISSIONER OR ANY OTHER
21 PERSON CONSIDERED APPROPRIATE, FOR PURPOSES OF ASSISTING IN MAKING
22 A FINAL DECISION IN EVALUATING ONE OR MORE OFFERS FROM ANY PERSON
23 SEEKING TO BECOME OR ESTABLISH AN ACQUIRING ENTITY FOR PURPOSES
24 OF ACQUIRING THE AUTHORITY PURSUANT TO THIS SECTION.

25 (3) THE CONSIDERATION IN THE TRANSACTION REFERRED TO IN
26 SUBSECTION (2) OF THIS SECTION SHALL BE THE PROPERTY OF THE STATE OF
27 COLORADO AND TRANSMITTED TO THE STATE TREASURER FOR PLACEMENT

1 IN THE GENERAL FUND; EXCEPT THAT NOT MORE THAN ONE PERCENT OF THE
2 CONSIDERATION SHALL BE PLACED IN A SEPARATE FUND TO BE HELD BY THE
3 STATE TREASURER AND ADMINISTERED BY THE COMMISSIONER OF
4 INSURANCE AND THE COMMISSION FOR THE PURPOSES OF WINDING UP THE
5 AFFAIRS OF THE AUTHORITY. ANY PART OF THE
6 ONE-PERCENT-CONSIDERATION REMAINING UNUSED AFTER THE WINDING UP
7 OF THE AFFAIRS OF THE AUTHORITY CONCLUDES SHALL REVERT TO THE
8 GENERAL FUND.

9 (4) NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE
10 COMMISSION, IN FURTHERANCE OF THE TRANSACTIONS PERMITTED UNDER
11 THIS SECTION, MAY DO ANY OF THE FOLLOWING:

12 (a) SELL, CONVEY, LEASE, EXCHANGE, TRANSFER, OR OTHERWISE
13 DISPOSE OF THE ASSETS AND LIABILITIES INCLUDING ANY REAL OR
14 PERSONAL PROPERTY OF THE AUTHORITY, WHEREVER SITUATED.

15 (b) SELL, EXCHANGE, TRANSFER, OR OTHERWISE DISPOSE OF BONDS
16 AND OTHER OBLIGATIONS, SHARES OR OTHER SECURITIES, OR INTERESTS
17 ISSUED BY OTHERS, WHETHER ENGAGED IN SIMILAR OR DIFFERENT
18 BUSINESSES, OR GOVERNMENTAL OR OTHER ACTIVITIES, INCLUDING
19 BANKING CORPORATIONS OR TRUST COMPANIES.

20 (c) HAVE AND EXERCISE ALL POWERS NECESSARY OR CONVENIENT
21 TO EFFECT OR COMPLETE THE TRANSACTIONS PERMITTED UNDER THIS
22 SECTION.

23 (5) A COURT IN THIS STATE SHALL NOT HAVE JURISDICTION TO
24 ENJOIN OR OTHERWISE RESTRAIN THE TRANSFER OF ASSETS AND LIABILITIES
25 UNDER THIS SECTION. THE COURT OF APPEALS SHALL HAVE EXCLUSIVE
26 JURISDICTION OVER ANY CLAIMS ASSERTED AGAINST THE STATE OF
27 COLORADO ARISING OUT OF OR RELATED TO THIS SECTION.

1 (6) NO CAUSE OF ACTION ON BEHALF OF ANY HOLDER OF A POLICY
2 OF INSURANCE ISSUED BY THE AUTHORITY SHALL LIE AGAINST THE
3 ACQUIRING ENTITY ARISING OUT OF THE SALE OF ASSETS OR OTHER
4 TRANSACTIONS PERMITTED UNDER THIS SECTION; EXCEPT THAT THIS
5 SUBSECTION (6) SHALL NOT LIMIT THE RIGHTS OR REMEDIES OF THE HOLDER
6 UNDER A POLICY OF INSURANCE ISSUED BY THE AUTHORITY AND ASSUMED
7 BY THE ACQUIRING ENTITY TO CONTEST THE INSURANCE COVERAGE
8 ARISING UNDER A POLICY OF INSURANCE ISSUED BY THE AUTHORITY. NO
9 CAUSE OF ACTION ON BEHALF OF ANY HOLDER OF A POLICY OF INSURANCE
10 ISSUED BY THE AUTHORITY SHALL LIE AGAINST THE STATE OF COLORADO
11 OR ANY POLITICAL SUBDIVISION OF THE STATE ARISING OUT OF THE SALE OF
12 ASSETS OR OTHER TRANSACTIONS PERMITTED UNDER THIS SECTION, OR
13 ARISING UNDER POLICIES OF INSURANCE ISSUED BY THE AUTHORITY.

14 (7) EXCEPT FOR TAXES OTHERWISE IMPOSED BY THE STATE OF
15 COLORADO OR ANY POLITICAL SUBDIVISION OF THE STATE, THE SALE OF
16 ASSETS PERMITTED UNDER THIS SECTION SHALL BE FREE AND CLEAR OF ANY
17 LIENS, CLAIMS, OR INTERESTS OF THE STATE OF COLORADO OR ANY PERSON
18 CLAIMING THROUGH OR UNDER THE STATE OF COLORADO.

19 (8) THE COMMISSION FOR AND ON BEHALF OF THE STATE OF
20 COLORADO AND SUBJECT TO THE REQUIREMENTS OF THIS SECTION SHALL
21 HAVE THE RIGHT IN ITS DISCRETION TO ESTABLISH THE TERMS AND
22 CONDITIONS OF ANY PROPOSAL FOR THE SALE OF THE AUTHORITY ON THE
23 BASIS OF ITS OWN CRITERIA, TO EVALUATE THOSE PROPOSALS BY ITS OWN
24 CRITERIA, AND TO REJECT ANY OR ALL PROPOSALS WITHOUT ASSIGNING
25 ANY REASONS. IF TWO OR MORE PROSPECTIVE BIDS ARE SUBSTANTIALLY
26 SIMILAR IN TERMS AND CONDITIONS, AND THE DOLLAR AMOUNT OF THE
27 BIDS ARE WITHIN FIVE PERCENT OF EACH OTHER, THE COMMISSION SHALL

1 GIVE PREFERENCE TO A BIDDER AGREEING TO RETAIN, FOR A PERIOD OF FIVE
2 YEARS AFTER THE EFFECTIVE DATE OF SALE, THE EMPLOYEES EMPLOYED BY
3 THE AUTHORITY ON THE EFFECTIVE DATE OF SALE. THE COMMISSION SHALL
4 NOT CONSIDER A BIDDER WHO DOES NOT AGREE TO OFFER HEALTH
5 COVERAGE WITHOUT PREEXISTING CONDITIONS OR EXCLUSIONS TO
6 EMPLOYEES EMPLOYED BY THE AUTHORITY ON THE EFFECTIVE DATE OF
7 SALE AND WHO ARE RETAINED BY THE BIDDER. THE COMMISSION FOR AND
8 ON BEHALF OF THE STATE OF COLORADO EXPRESSLY RESERVES THE RIGHT
9 WITHOUT GIVING ANY REASONS AND WITHOUT ANY LIABILITY THEREFOR,
10 AT ANY TIME AND IN ANY RESPECT, TO AMEND OR TERMINATE ANY
11 ACTIVITIES WITH RESPECT TO THE SALE OF THE AUTHORITY, COMMENCE OR
12 TERMINATE DISCUSSIONS WITH ANY OR ALL PERSONS SEEKING TO
13 PURCHASE THE AUTHORITY, REJECT ANY OR ALL PROPOSALS TO ACQUIRE
14 THE AUTHORITY, AND TO NEGOTIATE AND CONSUMMATE THE SALE OF THE
15 AUTHORITY WITH ANY PERSON.

16 (9) NOTHING IN THIS SECTION SHALL REQUIRE THE COMMISSION TO
17 APPROVE OR AUTHORIZE ANY TRANSACTION FOR THE SALE OF THE
18 AUTHORITY.

19 (10) NOT LESS THAN SEVEN DAYS BEFORE THE SALE IS
20 CONSUMMATED WITH AN ACQUIRING ENTITY, THE COMMISSION SHALL
21 MAKE A REPORT TO THE GENERAL ASSEMBLY AND THE GOVERNOR
22 PROVIDING THE NAME AND BUSINESS ADDRESS OF EACH BIDDER, THE
23 AMOUNT, TERMS AND CONDITIONS OF EACH RESPECTIVE BID, AND THE
24 COPIES OF THE OPINIONS REQUIRED BY PARAGRAPHS (a) AND (b) OF
25 SUBSECTION (2) OF THIS SECTION.

26 (11) MEMBERS OF THE COMMISSION SHALL BE IMMUNE FROM
27 LIABILITY IN ANY CIVIL ACTION BROUGHT AGAINST SAID MEMBERS FOR

1 ACTS OCCURRING WHILE A MEMBER WAS ACTING AS A COMMISSION
2 MEMBER IF SUCH MEMBER WAS ACTING IN GOOD FAITH WITHIN THE SCOPE
3 OF SUCH MEMBER'S DUTIES.

4 **8-45-203. Sale of the Colorado compensation insurance**
5 **authority - exclusion under section 20 of article X of the state**
6 **constitution.** THE PROCEEDS OF THE SALE OF ALL OR PART OF THE ASSETS
7 OF THE AUTHORITY ARE EXCLUDED FROM THE CALCULATION FOR THE STATE
8 FISCAL YEAR SPENDING LIMITS UNDER SECTION 20 OF ARTICLE X OF THE
9 STATE CONSTITUTION AS A PROPERTY SALE, AS DEFINED IN SECTION
10 24-77-102 (11), C.R.S.

11 **8-45-204. Acquiring entity - change of control.** NO PERSON
12 OTHER THAN AN ACQUIRING ENTITY SHALL ACQUIRE ALL OR
13 SUBSTANTIALLY ALL OF THE ASSETS OF THE AUTHORITY. A PROPOSED
14 TRANSFER SHALL CONSTITUTE A PROPOSED CHANGE OF CONTROL OF A
15 DOMESTIC INSURER WITHIN THE MEANING OF THIS PART 2 AND SHALL BE
16 SUBJECT TO ALL THE REQUIREMENTS OF PART 8 OF ARTICLE 3 OF TITLE 10,
17 C.R.S., GOVERNING A CHANGE OF CONTROL OF A DOMESTIC INSURER.

18 **8-45-205. Acquiring entity - duties.** (1) ON AND AFTER THE
19 EFFECTIVE DATE OF SALE, ANY ACQUIRING ENTITY SHALL BE SUBJECT TO
20 THE FOLLOWING:

21 (a) THE ACQUIRING ENTITY SHALL ASSUME, INDEMNIFY, AND HOLD
22 THE STATE OF COLORADO AND ANY OF ITS SUBDIVISIONS HARMLESS FROM
23 AND AGAINST ALL EXISTING LIABILITIES OF THE AUTHORITY UNDER
24 POLICIES OF WORKERS' COMPENSATION INSURANCE ISSUED BY THE
25 AUTHORITY BEFORE THE EFFECTIVE DATE OF SALE.

26 (b) THE ACQUIRING ENTITY SHALL, IN A MANNER CONSISTENT WITH
27 PART 1 OF THIS ARTICLE, PROVIDE WORKERS' COMPENSATION INSURANCE

1 TO INSUREDS. THE ACQUIRING ENTITY SHALL NOT ADOPT OR UNDERTAKE
2 ANY UNDERWRITING PRACTICES OR PROCEDURES IN CONNECTION WITH
3 WORKERS' COMPENSATION INSURANCE THAT DISCRIMINATE AGAINST
4 INSUREDS SOLELY ON THE BASIS OF THE SIZE OF THE PREMIUM OF THE
5 INSURED.

6 (c) THE ACQUIRING ENTITY SHALL MAINTAIN INVESTMENT
7 SECURITIES, CASH, AND RESERVE FUNDS ACQUIRED IN THE TRANSFER AND
8 THOSE GENERATED FROM DOING BUSINESS IN COLORADO ON DEPOSIT OR IN
9 CUSTODY WITHIN THE STATE OF COLORADO.

10 (d) FOR A PERIOD OF FIVE YEARS AFTER THE EFFECTIVE DATE OF
11 SALE, THE ACQUIRING ENTITY SHALL ADMINISTER THE WORKERS'
12 COMPENSATION FUND OF THE STATE OF COLORADO AT THE ACQUIRING
13 ENTITY'S DIRECT COST PLUS REASONABLY ALLOCATED OVERHEAD. ANY
14 AGREEMENT EVIDENCING SUCH ARRANGEMENT SHALL BE TERMINABLE BY
15 THE STATE OF COLORADO AFTER THE EFFECTIVE DATE OF SALE UPON SIX
16 MONTHS' WRITTEN NOTICE.

17 (e) FOR A PERIOD OF ONE YEAR AFTER THE EFFECTIVE DATE OF
18 SALE, THE ACQUIRING ENTITY SHALL EMPLOY, ON TERMS AND CONDITIONS
19 DETERMINED BY THE ACQUIRING ENTITY, AND SUBJECT TO THE RIGHT OF
20 THE ACQUIRING ENTITY TO TERMINATE EMPLOYMENT FOR GOOD CAUSE,
21 THE EMPLOYEES OF THE AUTHORITY AS OF THE EFFECTIVE DATE OF SALE.

22 (f) WITHIN NINETY DAYS AFTER THE EFFECTIVE DATE OF SALE, THE
23 ACQUIRING ENTITY SHALL NOTIFY EACH HOLDER OF A POLICY OF
24 INSURANCE, THE OBLIGATIONS OF WHICH ARE ASSUMED BY THE ACQUIRING
25 ENTITY THAT THE ACQUIRING ENTITY IS NOW THE INSURER UNDER THE
26 POLICY AND THAT THE ACQUIRING ENTITY IS NOT A STATE AGENCY.

27 (2) UPON PROBABLE CAUSE THE COMMISSIONER OF INSURANCE MAY

1 EXAMINE AND INVESTIGATE INTO THE AFFAIRS OF AN ACQUIRING ENTITY TO
2 DETERMINE WHETHER THE ENTITY HAS BEEN OR IS ENGAGED IN ANY
3 PRACTICE IN VIOLATION OF THIS PART 2.

4 **8-45-206. Pending actions - motion for substitution as a party**
5 **in place of the Colorado compensation insurance authority.** WITHIN
6 NINETY DAYS AFTER THE EFFECTIVE DATE OF SALE, THE ACQUIRING ENTITY
7 SHALL MAKE A MOTION TO ANY COURT OR ADMINISTRATIVE AGENCY IN
8 THIS STATE IN WHICH AN ACTION OR PROCEEDING IS PENDING IN WHICH THE
9 AUTHORITY WAS A PARTY TO BE SUBSTITUTED AS A PARTY IN PLACE OF THE
10 AUTHORITY.

11 **8-45-207. Regulation by the commissioner of insurance.**

12 (1) THE ACQUIRING ENTITY SHALL BE SUBJECT TO REGULATION BY THE
13 COMMISSIONER OF INSURANCE AS PROVIDED IN:

14 (a) PART 11 OF ARTICLE 3 OF TITLE 10, C.R.S., PERTAINING TO
15 UNFAIR COMPETITION AND DECEPTIVE PRACTICES;

16 (b) PART 4 OF ARTICLE 4 OF TITLE 10, C.R.S., PERTAINING TO RATE
17 REGULATION; AND

18 (c) SECTIONS 10-1-102 (1), (3), AND (5) TO (11), 10-1-108 (8),
19 10-1-109, 10-1-205 (1) TO (6) AND (8), 10-3-109, 10-3-118, 10-3-128,
20 10-3-202, 10-3-207, 10-3-208 (1) AND (2), 10-3-231, 10-3-239, 10-3-241,
21 AND 10-3-701, AND PART 8 OF ARTICLE 3 OF TITLE 10, C.R.S., EXCEPT
22 THOSE SECTIONS THAT ARE INCONSISTENT WITH THE PROVISIONS OF THIS
23 ARTICLE.

24 **SECTION 2.** 8-45-101 (1), (2), (4), (6), (7), (9), (10), and (12),
25 Colorado Revised Statutes, are amended to read:

26 **8-45-101. Colorado compensation insurance authority -**
27 **creation - powers and duties.** (1) ~~There is hereby created the Colorado~~

1 compensation insurance authority which shall be a body corporate and a
2 political subdivision of the state. The authority shall not be an agency of
3 state government, nor shall it be subject to administrative direction by any
4 state agency except as provided in this article, and except for the purposes
5 of the "Colorado Governmental Immunity Act", article 10 of title 24,
6 ~~C.R.S.~~ THE COLORADO COMPENSATION INSURANCE AUTHORITY, AS IT
7 EXISTED PRIOR TO THE EFFECTIVE DATE OF THIS SUBSECTION (1), AS
8 AMENDED, IS ABOLISHED. THERE IS HEREBY CREATED THE COLORADO
9 COMPENSATION INSURANCE AUTHORITY WITHIN THE DEPARTMENT OF
10 LABOR AND EMPLOYMENT AS A DIVISION THEREOF. THE COLORADO
11 COMPENSATION INSURANCE AUTHORITY SHALL EXERCISE ITS POWERS,
12 DUTIES, AND FUNCTIONS UNDER THE DEPARTMENT OF LABOR AND
13 EMPLOYMENT AS IF IT WERE TRANSFERRED TO SAID DEPARTMENT BY A
14 **TYPE 1** TRANSFER UNDER THE PROVISIONS OF THE "ADMINISTRATIVE
15 ORGANIZATION ACT OF 1968".

16 (2) (a) ~~Effective July 1, 1989, the powers of the authority shall be~~
17 ~~vested in the board of directors of the Colorado compensation insurance~~
18 ~~authority, which shall have seven members. The members of the board~~
19 ~~shall be appointed by the governor with the consent of the senate. Of the~~
20 ~~seven members, four shall be employers whose liability under articles 40~~
21 ~~to 47 of this title is insured by the Colorado compensation insurance~~
22 ~~authority with one of such employers to be a farmer or rancher. Two of~~
23 ~~the seven members shall be employees of employers whose liability under~~
24 ~~articles 40 to 47 of this title is insured by the Colorado compensation~~
25 ~~insurance authority. One of the seven members shall be experienced in~~
26 ~~the management and operation of insurance companies as defined in~~
27 ~~section 10-1-102 (4), C.R.S. Such member shall not concurrently serve~~

1 as an owner, a shareholder, an officer, an employee, an agent of or in any
2 other capacity with any business which competes with the Colorado
3 compensation insurance authority. Of the employer members appointed
4 to the board, the employer member who is a farmer or rancher shall be
5 appointed for a term expiring January 1, 1993, one employer member
6 shall be appointed for a term expiring January 1, 1992, one employer
7 member shall be appointed for a term expiring January 1, 1991, and one
8 employer member shall be appointed for a term expiring January 1, 1990.
9 One of the employee members shall be appointed for a term expiring
10 January 1, 1991, and the other employee member shall be appointed for
11 a term expiring January 1, 1993. The member experienced in the
12 management and operation of insurance companies shall be appointed for
13 a term expiring January 1, 1992. Thereafter, the term of office for each
14 such member shall be five years. The initial appointees may serve on a
15 temporary basis if the senate is not in session when they are appointed
16 until the senate is in session and is able to confirm such appointments.
17 Vacancies on the board shall be filled by appointment of the governor for
18 the remainder of any unexpired terms. The board shall elect a chairman
19 annually from its membership.

20 (b) The six members of the board who were serving as of January
21 1, 1989, shall continue to serve until July 1, 1989. On or before July 1,
22 1989, the governor shall appoint, with the consent of the senate, seven
23 persons who meet the qualifications specified in paragraph (a) of this
24 subsection (2) to serve as the members of the board effective July 1, 1989.
25 THE BOARD OF DIRECTORS OF THE COLORADO COMPENSATION INSURANCE
26 AUTHORITY THAT EXISTED PRIOR TO THE EFFECTIVE DATE OF THIS
27 SUBSECTION (2), AS AMENDED, IS ABOLISHED AND ALL OF THE MEMBERS

1 SERVING ON THAT DATE ARE TRANSFERRED TO THE BOARD OF DIRECTORS
2 OF THE COLORADO COMPENSATION INSURANCE AUTHORITY IN THE
3 DEPARTMENT OF LABOR AND EMPLOYMENT. ALL OF THE DUTIES AND
4 RESPONSIBILITIES OF THE BOARD OF DIRECTORS OF THE COLORADO
5 COMPENSATION INSURANCE AUTHORITY AS THEY EXISTED PRIOR TO THE
6 EFFECTIVE DATE OF THIS SUBSECTION (2), AS AMENDED, ARE HEREBY
7 TRANSFERRED TO THE BOARD OF DIRECTORS OF THE COLORADO
8 COMPENSATION INSURANCE AUTHORITY IN THE DEPARTMENT OF LABOR
9 AND EMPLOYMENT. ALL AUTHORITY OF THE COLORADO COMPENSATION
10 INSURANCE AUTHORITY SHALL BE VESTED IN THE BOARD UNTIL THE
11 EFFECTIVE DATE OF SALE OF THE AUTHORITY TO AN ACQUIRING ENTITY, AS
12 SET FORTH IN PART 2 OF THIS ARTICLE.

13 (4) On and after July 1, ~~1987~~ 2001, the powers, duties, and
14 functions formerly exercised by the state Colorado compensation
15 insurance ~~fund~~ AUTHORITY may be exercised by the Colorado
16 compensation insurance authority, CREATED IN THE DEPARTMENT OF
17 LABOR AND EMPLOYMENT.

18 (6) ~~Article 4 of title 24, C.R.S., shall not apply to the promulgation~~
19 ~~of any policies, procedures, and rules and regulations authorized by~~
20 ~~subsection (5) of this section.~~

21 (7) (a) ~~The board is authorized to contract with the department of~~
22 ~~labor and employment through the state personnel board pursuant to~~
23 ~~section 13 (4) of article XII of the state constitution for personnel to~~
24 ~~provide administrative support services, including, but not limited to, data~~
25 ~~processing.~~ The board may also contract with the private sector to
26 provide administrative support services, including, but not limited to, data
27 processing.

1 ~~(b) The board is authorized to contract with the department of~~
2 ~~labor and employment or the department of personnel for information~~
3 ~~processing and administrative support services other than personnel for~~
4 ~~carrying out the functions authorized in this article.~~

5 ~~(9) Any person who was an employee of the division of the state~~
6 ~~compensation insurance fund on July 1, 1987, may elect on or after July~~
7 ~~1, 1987, but before July 1, 1992, either to become an employee of the~~
8 ~~Colorado compensation insurance authority or to continue to remain an~~
9 ~~employee of the department of labor and employment. If such person~~
10 ~~elects to become an employee of the authority, such person shall be~~
11 ~~exempt from the state personnel system, and, if a member of the public~~
12 ~~employees' retirement association, such person may continue membership~~
13 ~~in the association with all attendant rights and duties. All other~~ THE
14 BOARD MAY ENTER INTO PERSONAL SERVICES CONTRACTS WITH ANY
15 CURRENT COLORADO COMPENSATION INSURANCE AUTHORITY EMPLOYEE
16 PURSUANT TO SECTION 24-50-503, C.R.S. SUCH employees of the
17 authority shall be exempt from the state personnel system but shall, by
18 acceptance of employment, be subject to the provisions of article 51 of
19 title 24, C.R.S. The authority shall provide for the deduction of employer
20 and employee contributions from salary and for payment to the
21 association of such deductions and for any other payments which would
22 be due from a state employer.

23 ~~(10) Any person who was an employee of the division of the state~~
24 ~~compensation insurance fund on July 1, 1987, and who does not become~~
25 ~~an employee of the Colorado compensation insurance authority before~~
26 ~~July 1, 1992, shall continue to be within the state personnel system and~~
27 ~~shall continue to be an employee of the department of labor and~~

1 ~~employment if permitted under rules of the state personnel board.~~
2 ~~However, any employee who continues to perform duties or fulfill~~
3 ~~responsibilities for the benefit of the authority shall become an employee~~
4 ~~of the authority if that employee accepts a promotion, voluntary demotion,~~
5 ~~or transfer for purposes of a change of duties performed for the benefit of~~
6 ~~the authority. In such case, such person shall be exempt from the state~~
7 ~~personnel system, and, if such person is a member of the public~~
8 ~~employees' retirement association, such person may continue membership~~
9 ~~in the association with all attendant rights and duties. The authority shall~~
10 ~~provide for the deduction of employer and employee contributions from~~
11 ~~salary and for payment to the association of such deductions and for any~~
12 ~~other payments which would be due from a state employer.~~

13 ~~(12) With respect to meetings of the Colorado compensation~~
14 ~~insurance authority, matters relating to the claim files of injured~~
15 ~~employees and policy files of employers shall not be subject to the~~
16 ~~provisions of part 4 of article 6 of title 24, C.R.S.~~

17 **SECTION 3. Repeal.** 8-45-102, Colorado Revised Statutes, is
18 repealed as follows:

19 **8-45-102. Colorado compensation insurance authority fund**
20 **created - control of fund.** ~~(1) There is hereby created in the state~~
21 ~~treasury a fund, to be known as the Colorado compensation insurance~~
22 ~~authority fund, for the benefit of injured and the dependents of killed~~
23 ~~employees, which shall be administered in accordance with the provisions~~
24 ~~of this article by the board. Such administration shall be without liability~~
25 ~~on the part of the state, beyond the amount of said fund, constituted as~~
26 ~~provided in this article.~~

27 ~~(2) The manager is vested with full power and jurisdiction over the~~

1 administration of the Colorado compensation insurance authority fund and
2 may appoint such subordinate officers as may be necessary for the
3 efficient operation of the Colorado compensation insurance authority and
4 may do and perform all things, whether specifically designated in this
5 article or, in addition thereto, which are necessary or convenient in the
6 exercise of any power or jurisdiction over said fund in the administration
7 thereof under the provisions of this article as fully and completely as the
8 head of a private insurance company might or could do, subject, however,
9 to all the provisions of this article.

10 (3) Control of all moneys in the Colorado compensation insurance
11 authority fund shall be transferred to the board, which shall administer the
12 fund and use such moneys for the purposes of this article.

13 (4) The Colorado compensation insurance authority fund shall be
14 a continuing fund and shall consist of all premiums received and paid into
15 said fund for compensation insurance, all property and securities acquired
16 by and through the use of moneys belonging to said fund, and all interest
17 earned upon moneys belonging to said fund and deposited or invested as
18 provided in section 8-45-120. Said fund shall be applicable to the
19 payment of the salaries of the employees of the fund and to its other
20 operating expenses and to the payment of losses sustained or liabilities
21 incurred under the contracts or policies of insurance issued by said
22 Colorado compensation insurance authority fund in accordance with the
23 provisions of articles 40 to 47 of this title. All moneys in the fund
24 previously known as the state compensation insurance fund shall be
25 transferred into the Colorado compensation insurance authority fund on
26 July 1, 1987.

27 (5) The moneys in the Colorado compensation insurance authority

1 ~~fund shall be continuously available for the purposes of this article and~~
2 ~~shall not be transferred to or revert to the general fund of the state at the~~
3 ~~end of any fiscal year.~~

4 **SECTION 4.** Article 45 of title 8, Colorado Revised Statutes, is
5 amended BY THE ADDITION OF THE FOLLOWING NEW SECTIONS
6 to read:

7 **8-45-101.3. Transfer of property.** (1) ON THE EFFECTIVE DATE
8 OF THIS SECTION, ALL ITEMS OF PROPERTY, REAL AND PERSONAL,
9 INCLUDING OFFICE FURNITURE AND FIXTURES, BOOKS, DOCUMENTS, AND
10 RECORDS OF THE COLORADO COMPENSATION INSURANCE AUTHORITY, AS
11 IT EXISTED PRIOR TO SAID DATE, ARE TRANSFERRED TO THE COLORADO
12 COMPENSATION INSURANCE AUTHORITY, CREATED IN THE DEPARTMENT OF
13 LABOR AND EMPLOYMENT, AND SHALL BECOME THE PROPERTY THEREOF.

14 (2) ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION,
15 WHENEVER THE COLORADO COMPENSATION INSURANCE AUTHORITY OR THE
16 BOARD OF DIRECTORS OF THE COLORADO COMPENSATION INSURANCE
17 AUTHORITY, AS THEY EXISTED PRIOR TO THE EFFECTIVE DATE OF THIS
18 SECTION, IS REFERRED TO OR DESIGNATED BY ANY CONTRACT OR OTHER
19 DOCUMENT, SUCH REFERENCE OR DESIGNATION SHALL BE DEEMED TO
20 APPLY TO THE COLORADO COMPENSATION INSURANCE AUTHORITY OR THE
21 BOARD OF DIRECTORS OF THE COLORADO COMPENSATION INSURANCE
22 AUTHORITY. ALL CONTRACTS ENTERED INTO BY THE AUTHORITY OR ITS
23 BOARD PRIOR TO THE EFFECTIVE DATE OF THIS SECTION, ARE HEREBY
24 VALIDATED WITH THE COLORADO COMPENSATION INSURANCE AUTHORITY,
25 CREATED IN THE DEPARTMENT OF LABOR AND EMPLOYMENT, SUCCEEDING
26 TO ALL RIGHTS AND OBLIGATIONS UNDER SUCH CONTRACTS.

27 (3) NO SUIT, ACTION, OR OTHER JUDICIAL OR ADMINISTRATIVE

1 PROCEEDING LAWFULLY COMMENCED PRIOR TO THE EFFECTIVE DATE OF
2 THIS SECTION, OR WHICH COULD HAVE BEEN COMMENCED PRIOR TO SAID
3 DATE, BY OR AGAINST THE COLORADO COMPENSATION INSURANCE
4 AUTHORITY, ITS BOARD OF DIRECTORS, OR ANY OFFICER THEREOF IN SUCH
5 OFFICER'S OFFICIAL CAPACITY OR IN RELATION TO THE DISCHARGE OF THE
6 OFFICIAL'S DUTIES SHALL ABATE BY REASON OF THE ABOLISHMENT OF THE
7 COLORADO COMPENSATION INSURANCE AUTHORITY AND ITS BOARD, AS
8 THEY EXISTED PRIOR TO SAID DATE, AND THE CREATION, IN THE
9 DEPARTMENT OF LABOR AND EMPLOYMENT, OF THE COLORADO
10 COMPENSATION INSURANCE AUTHORITY AND THE BOARD OF DIRECTORS OF
11 THE COLORADO COMPENSATION INSURANCE AUTHORITY.

12 **8-45-101.5. Colorado compensation insurance authority - board**
13 **of directors - enterprise status.** (1) THE COLORADO COMPENSATION
14 INSURANCE AUTHORITY AND THE BOARD OF DIRECTORS OF THE COLORADO
15 COMPENSATION INSURANCE AUTHORITY CREATED PURSUANT TO SECTION
16 8-45-101, SHALL CONSTITUTE AN ENTERPRISE FOR THE PURPOSES OF
17 SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, SO LONG AS THE
18 BOARD RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND THE
19 COLORADO COMPENSATION INSURANCE AUTHORITY RECEIVES LESS THAN
20 TEN PERCENT OF ITS TOTAL ANNUAL REVENUES IN GRANTS, AS DEFINED IN
21 SECTION 24-77-102 (7), C.R.S., FROM ALL COLORADO STATE AND LOCAL
22 GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN ENTERPRISE
23 PURSUANT TO THIS SUBSECTION (1), THE AUTHORITY AND THE BOARD
24 SHALL NOT BE SUBJECT TO ANY PROVISIONS OF SECTION 20 OF ARTICLE X
25 OF THE STATE CONSTITUTION.

26 (2) FOR PURPOSES OF PART 2 OF ARTICLE 72 OF TITLE 24, C.R.S.,
27 THE RECORDS OF THE COLORADO COMPENSATION INSURANCE AUTHORITY

1 AND THE BOARD OF DIRECTORS OF THE COLORADO COMPENSATION
2 INSURANCE AUTHORITY SHALL BE PUBLIC RECORDS, AS DEFINED IN SECTION
3 24-72-202 (6), C.R.S., REGARDLESS OF WHETHER THE AUTHORITY AND THE
4 BOARD CONSTITUTE AN ENTERPRISE PURSUANT TO SUBSECTION (1) OF THIS
5 SECTION.

6 **8-45-101.7. Revenue bonds - authority - issuance -**
7 **requirements - covenants.** (1) (a) THE BOARD MAY, BY A RESOLUTION
8 THAT MEETS THE REQUIREMENTS OF SUBSECTION (2) OF THIS SECTION,
9 AUTHORIZE AND ISSUE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED TEN
10 MILLION DOLLARS IN THE AGGREGATE FOR EXPENSES OF THE AUTHORITY.
11 SUCH BONDS MAY BE ISSUED ONLY AFTER APPROVAL BY BOTH HOUSES OF
12 THE GENERAL ASSEMBLY ACTING EITHER BY BILL OR JOINT RESOLUTION
13 AND AFTER APPROVAL BY THE GOVERNOR IN ACCORDANCE WITH SECTION
14 39 OF ARTICLE V OF THE STATE CONSTITUTION. SUCH BONDS SHALL BE
15 PAYABLE ONLY FROM MONEYS ALLOCATED TO THE AUTHORITY FOR
16 EXPENSES OF THE AUTHORITY PURSUANT TO THIS ARTICLE.

17 (b) ALL BONDS ISSUED BY THE AUTHORITY SHALL PROVIDE THAT:

18 (I) NO HOLDER OF ANY SUCH BOND MAY COMPEL THE STATE OR
19 ANY SUBDIVISION THEREOF TO EXERCISE ITS APPROPRIATION OR TAXING
20 POWER; AND

21 (II) THE BOND DOES NOT CONSTITUTE A DEBT OF THE STATE AND IS
22 PAYABLE ONLY FROM THE NET REVENUES ALLOCATED TO THE AUTHORITY
23 FOR EXPENSES AS DESIGNATED IN SUCH BOND.

24 (2) (a) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS
25 UNDER THE TERMS OF THIS SECTION SHALL STATE:

26 (I) THE DATE OF ISSUANCE OF THE BONDS;

27 (II) A MATURITY DATE OR DATES DURING A PERIOD NOT TO EXCEED

1 THIRTY YEARS FROM THE DATE OF ISSUANCE OF THE BONDS;
2 (III) THE INTEREST RATE OR RATES ON, AND THE DENOMINATION OR
3 DENOMINATIONS OF, THE BONDS; AND
4 (IV) THE MEDIUM OF PAYMENT OF THE BONDS AND THE PLACE
5 WHERE THE BONDS WILL BE PAID.
6 (b) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS UNDER
7 THE TERMS OF THIS SECTION MAY:
8 (I) STATE THAT THE BONDS ARE TO BE ISSUED IN ONE OR MORE
9 SERIES;
10 (II) STATE A RANK OR PRIORITY OF THE BONDS; AND
11 (III) PROVIDE FOR REDEMPTION OF THE BONDS PRIOR TO MATURITY,
12 WITH OR WITHOUT PREMIUM.
13 (3) ANY BONDS ISSUED PURSUANT TO THE TERMS OF THIS SECTION
14 MAY BE SOLD AT PUBLIC OR PRIVATE SALE. IF BONDS ARE TO BE SOLD AT
15 A PUBLIC SALE, THE AUTHORITY SHALL ADVERTISE THE SALE IN SUCH
16 MANNER AS THE AUTHORITY DEEMS APPROPRIATE. ALL BONDS ISSUED
17 PURSUANT TO THE TERMS OF THIS SECTION SHALL BE SOLD AT A PRICE NOT
18 LESS THAN THE PAR VALUE THEREOF, TOGETHER WITH ALL ACCRUED
19 INTEREST TO THE DATE OF DELIVERY.
20 (4) NOTWITHSTANDING ANY PROVISIONS OF LAW TO THE
21 CONTRARY, ALL BONDS ISSUED PURSUANT TO THIS SECTION ARE
22 NEGOTIABLE.
23 (5) (a) A RESOLUTION PERTAINING TO ISSUANCE OF BONDS UNDER
24 THIS SECTION MAY CONTAIN COVENANTS AS TO:
25 (I) THE PURPOSE TO WHICH THE PROCEEDS OF SALE OF THE BONDS
26 MAY BE APPLIED AND TO THE USE AND DISPOSITION THEREOF;
27 (II) SUCH MATTERS AS ARE CUSTOMARY IN THE ISSUANCE OF

1 REVENUE BONDS INCLUDING, WITHOUT LIMITATION, THE ISSUANCE AND
2 LIEN POSITION OF OTHER OR ADDITIONAL BONDS; AND

3 (III) BOOKS OF ACCOUNT AND THE INSPECTION AND AUDIT
4 THEREOF.

5 (b) ANY RESOLUTION MADE PURSUANT TO THE TERMS OF THIS
6 SECTION SHALL BE DEEMED A CONTRACT WITH THE HOLDERS OF THE
7 BONDS, AND THE DUTIES OF THE AUTHORITY UNDER SUCH RESOLUTION
8 SHALL BE ENFORCEABLE BY ANY APPROPRIATE ACTION IN A COURT OF
9 COMPETENT JURISDICTION.

10 (6) BONDS ISSUED UNDER THIS SECTION AND BEARING THE
11 SIGNATURES OF THE BOARD IN OFFICE ON THE DATE OF THE SIGNING SHALL
12 BE DEEMED VALID AND BINDING OBLIGATIONS REGARDLESS OF WHETHER,
13 PRIOR TO DELIVERY AND PAYMENT, ANY OR ALL OF THE PERSONS WHOSE
14 SIGNATURES APPEAR THEREON HAVE CEASED TO BE MEMBERS OF THE
15 BOARD.

16 (7) (a) EXCEPT AS OTHERWISE PROVIDED IN THE RESOLUTION
17 AUTHORIZING THE BONDS, ALL BONDS OF THE SAME ISSUE UNDER THIS
18 SECTION SHALL HAVE A PRIOR AND PARAMOUNT LIEN ON THE NET
19 REVENUES PLEDGED THEREFOR. THE BOARD MAY PROVIDE FOR
20 PREFERENTIAL SECURITY FOR ANY BONDS, BOTH PRINCIPAL AND INTEREST,
21 TO BE ISSUED UNDER THIS SECTION TO THE EXTENT DEEMED FEASIBLE AND
22 DESIRABLE BY SUCH BOARD OVER ANY BONDS THAT MAY BE ISSUED
23 THEREAFTER.

24 (b) BONDS OF THE SAME ISSUE OR SERIES ISSUED UNDER THIS
25 SECTION SHALL BE EQUALLY AND RATABLY SECURED, WITHOUT PRIORITY
26 BY REASON OF NUMBER, DATE, SALE, EXECUTION, OR DELIVERY, BY A LIEN
27 ON THE NET REVENUE PLEDGED IN ACCORDANCE WITH THE TERMS OF THE

1 RESOLUTION AUTHORIZING THE BONDS.

2 **SECTION 5. Repeal.** 8-45-116, Colorado Revised Statutes, is
3 repealed as follows:

4 **8-45-116. Reinsurance.** ~~The manager may secure reinsurance~~
5 ~~covering the catastrophe hazard with respect to any risks carried by the~~
6 ~~Colorado compensation insurance authority fund, and the state treasurer~~
7 ~~or the manager shall pay the premium for such reinsurance from the~~
8 ~~Colorado compensation insurance authority fund in the manner provided~~
9 ~~in section 8-45-118 for other disbursements from said fund.~~

10 **SECTION 6. Repeal.** 8-45-117, Colorado Revised Statutes, is
11 repealed as follows:

12 **8-45-117. Regulation by commissioner of insurance.** ~~(1) The~~
13 ~~Colorado compensation insurance authority shall be subject to regulation~~
14 ~~by the commissioner of insurance as provided in:~~

15 ~~(a) Part 11 of article 3 of title 10, C.R.S., pertaining to unfair~~
16 ~~competition and deceptive practices;~~

17 ~~(b) Part 4 of article 4 of title 10, C.R.S., pertaining to rate~~
18 ~~regulation; however, if the rates used by the Colorado compensation~~
19 ~~insurance authority are the national council on compensation insurance~~
20 ~~rates previously approved by the commissioner of insurance, the Colorado~~
21 ~~compensation insurance authority may use different rates for employers~~
22 ~~who meet the requirements established by the board of directors after~~
23 ~~complying with the requirements of part 4 of article 4 of title 10, C.R.S.,~~
24 ~~concerning type II insurers;~~

25 ~~(c) Sections 10-1-108 (8), 10-1-109, and 10-1-102, C.R.S., except~~
26 ~~(2) and (4); 10-1-205, C.R.S., (1) through (6) and (8); 10-3-109, C.R.S.,~~
27 ~~except for the publication requirements; 10-3-118, C.R.S.; 10-3-128,~~

1 C.R.S.; 10-3-202, C.R.S.; 10-3-207, C.R.S.; 10-3-208, C.R.S. (1) and (2);
2 10-3-231, C.R.S.; 10-3-239, C.R.S.; 10-3-241, C.R.S.; 10-3-701, C.R.S.;
3 and part 8 of article 3 of title 10, C.R.S., except as these sections are
4 inconsistent with the provisions of this article.

5 (2) (Deleted by amendment, L. 97, p. 936, § 5, effective May 21,
6 1997.)

7 (3) ~~Nothing in this section shall be construed to subject the~~
8 ~~Colorado compensation insurance authority to any premium tax assessed~~
9 ~~pursuant to title 10, C.R.S.~~

10 (4) ~~The cost of examinations performed in accordance with section~~
11 ~~8-45-121 (4) shall be billed by the commissioner to the authority at~~
12 ~~prevailing hourly rates based upon time records kept by the commissioner.~~
13 ~~Any such payment received by the commissioner is hereby appropriated~~
14 ~~to the division of insurance in addition to any other funds appropriated for~~
15 ~~its normal operation.~~

16 (5) ~~At such time as a reasonable surplus of the Colorado~~
17 ~~compensation insurance authority fund is reached pursuant to section~~
18 ~~8-45-111 or when the Colorado compensation insurance authority fails to~~
19 ~~comply with the plan to attain a reasonable surplus as set forth in section~~
20 ~~8-45-111, the Colorado compensation insurance authority shall be subject~~
21 ~~to regulation by the commissioner of insurance as provided in section~~
22 ~~10-1-205 (7) and part 4 of article 3 of title 10, C.R.S., to the extent~~
23 ~~consistent with the provisions of this article.~~

24 **SECTION 7.** 8-45-118, Colorado Revised Statutes, is amended
25 to read:

26 **8-45-118. Treasurer custodian of fund - disbursements.**

27 (1) ~~The state treasurer shall be the custodian of the Colorado~~

1 compensation insurance authority fund, and all disbursements therefrom
2 shall be paid either by the state treasurer upon warrants drawn in
3 accordance with law upon vouchers issued by the board upon order of the
4 manager, or by or under the direction of the manager in such other manner
5 as the state treasurer may approve. In every case occurring in which a
6 warrant has been drawn in accordance with law against the state treasurer
7 upon vouchers issued by the board for payment of any sum of money from
8 the Colorado compensation insurance authority fund, or when another
9 form of payment has been made from such fund by or under the direction
10 of the manager, and the time within which said warrant or other form of
11 payment shall be presented for payment in order to be valid has not been
12 stamped, printed, or written across the face thereof, or otherwise
13 specified, and a period of six months has elapsed since the issuance of
14 such warrant or other form of payment, during which no person entitled
15 thereto, or the proceeds thereof, has presented the same to the state
16 treasurer for payment, or appeared to claim the funds so authorized to be
17 paid from the hands of the state treasurer or the manager, such warrant or
18 other form of payment may in the discretion of the manager be posted for
19 cancellation, and thereafter cancelled and set aside.

20 (2) In every such case in which it is proposed to cancel any such
21 warrant, the manager shall cause a notice to be drawn in duplicate, with
22 a description of said warrant containing the amount, number, date of
23 issuance, and name of payee, and shall cause one copy of said notice to
24 be posted in a conspicuous place which is open to the public in the office
25 of said board and one copy to be delivered to the state treasurer. If, at the
26 end of one month after the posting of such notice and the delivery of a
27 copy to the state treasurer, such warrant is not presented for payment and

1 no person entitled to the proceeds thereof appears to claim the funds so
2 authorized to be paid in said warrant, said warrant may be cancelled as
3 provided in this section.

4 (3) ~~The state treasurer shall thereupon, upon the request of the~~
5 ~~manager, transfer any such funds held to the credit of or for the payment~~
6 ~~of such warrant back to the credit of the Colorado compensation insurance~~
7 ~~authority fund. If at any time thereafter application shall be made for the~~
8 ~~reissuance of such warrant, the same may be reissued, if the claim which~~
9 ~~it represents appears to be valid and still outstanding. Such reissued~~
10 ~~warrant shall be made payable from the moneys on deposit in the~~
11 ~~Colorado compensation insurance authority fund and shall be made~~
12 ~~payable to the person entitled to the proceeds thereof.~~

13 (4) ~~The powers and discretion granted in this section to the~~
14 ~~manager and the state treasurer shall obtain in all cases relating to the~~
15 ~~warrants or other forms of payment drawn on the Colorado compensation~~
16 ~~insurance authority fund, anything to the contrary in any statute~~
17 ~~notwithstanding.~~ THE STATE TREASURER SHALL DISBURSE THE MONEYS IN
18 THE COLORADO COMPENSATION INSURANCE AUTHORITY FUND AS DIRECTED
19 BY THE TRANSITION BOARD, CREATED IN SECTION 8-45-202, CONSISTENT
20 WITH THE TERMS AND CONDITIONS OF THE AGREEMENT FOR SALE OF THE
21 COLORADO COMPENSATION INSURANCE AUTHORITY, PURSUANT TO SECTION
22 8-45-202.

23 **SECTION 8. Repeal.** 8-45-119, Colorado Revised Statutes, is
24 repealed as follows:

25 **8-45-119. State treasurer to give separate bond as custodian.**

26 (1) ~~The state treasurer shall give a separate and additional bond in such~~
27 ~~amount as may be fixed by the board with sureties to be approved by the~~

1 governor, conditioned for the faithful performance of the state treasurer's
2 duties as custodian of the Colorado compensation insurance authority
3 fund, and as custodian of all the bonds, warrants, investments, and
4 moneys of, or belonging to, said Colorado compensation insurance
5 authority fund, subject to all provisions of law governing bonds of the
6 state treasurer. The premium on said bond shall be paid out of the
7 earnings of the Colorado compensation insurance authority fund.

8 (2) The state treasurer shall give a separate and additional bond in
9 such amount as may be fixed by the executive director of the department
10 of labor and employment with sureties to be approved by the governor,
11 conditioned for the faithful performance of the state treasurer's duties as
12 custodian of the funds under the jurisdiction of the director of the division
13 of workers' compensation, and as custodian of all the bonds, warrants,
14 investments, and moneys of, or belonging to, the funds under the
15 jurisdiction of the director of the division of workers' compensation,
16 subject to all provisions of law governing bonds of the state treasurer.
17 The premium on said bond shall be paid out of the earnings of the funds
18 under the jurisdiction of the director of the division of workers'
19 compensation on a pro rata basis.

20 **SECTION 9. Repeal.** 8-45-120, Colorado Revised Statutes, is
21 repealed as follows:

22 **8-45-120. State treasurer to invest funds.** (1) Except as
23 provided in subsection (2) of this section, the state treasurer, after
24 consulting with the board of directors or the board's designated committee
25 as to the overall direction of the portfolio, shall invest any portion of the
26 Colorado compensation insurance authority fund, including its surplus or
27 reserves, which is not needed for immediate use. Such moneys may be

1 ~~invested in the types of investments authorized in sections 24-36-109,~~
2 ~~24-36-112, and 24-36-113, C.R.S. Such moneys may also be invested in~~
3 ~~common and preferred stock in the same manner as a domestic insurance~~
4 ~~company pursuant to 10-3-226, C.R.S. The state treasurer shall determine~~
5 ~~the appropriate percentage of the fund, not to exceed one hundred percent~~
6 ~~of the surplus, to be invested in common and preferred stock and the~~
7 ~~appropriate level of risk for such investments. The state treasurer may~~
8 ~~make such investments in the form of mutual funds and may contract with~~
9 ~~private professional fund managers and employ portfolio managers.~~

10 (2) ~~Subject to approval by the board, the manager may convey title~~
11 ~~to the real property known as the 950 Broadway Building, located at 950~~
12 ~~Broadway, Denver, Colorado, and the adjoining property to the south,~~
13 ~~situated and known as lots six through eighteen, block one, first addition~~
14 ~~to Arlington Heights, and may also authorize and direct the state treasurer~~
15 ~~to invest a portion of the funds in the Colorado compensation insurance~~
16 ~~authority fund for the purchase of real property, to house, contain, and~~
17 ~~maintain the offices and operational facilities of the authority as may be~~
18 ~~deemed necessary to accommodate its immediate and reasonably~~
19 ~~anticipated future needs. The manager is authorized to purchase such real~~
20 ~~property, buildings, and improvements thereon. Title to such real~~
21 ~~property, buildings, and improvements thereon shall vest in the Colorado~~
22 ~~compensation insurance authority, and such assets shall be a part of the~~
23 ~~Colorado compensation insurance authority fund. The manager may lease~~
24 ~~or rent space not needed for the immediate requirements of the authority~~
25 ~~in such real property to other public agencies or private businesses.~~
26 ~~Moneys received from such rental or lease of space and moneys~~
27 ~~appropriated by the general assembly for rental or lease of space in such~~

1 real property shall be deposited with the state treasurer for credit to the
2 Colorado compensation insurance authority fund. The manager shall not
3 sell or otherwise dispose of any property, buildings, or improvements
4 thereon so acquired, without consent of the board, and the moneys
5 received from such sale or disposition shall be credited to the account of
6 the Colorado compensation insurance authority fund. Expenses for
7 administration, operation, and maintenance of such real property,
8 buildings, and improvements thereon shall be paid by the state treasurer
9 upon the direction and authorization of the manager, out of the funds of
10 the Colorado compensation insurance authority fund, in an amount not to
11 exceed the moneys received from such rental or lease of space and
12 moneys authorized by the board. The executive director of the department
13 of labor and employment shall transfer any interest in the real property
14 known as the 950 Broadway Building, located at 950 Broadway, Denver,
15 Colorado, and the adjoining property to the south, situated and known as
16 lots six through eighteen, block one, first addition to Arlington Heights,
17 to the Colorado compensation insurance authority.

18 (3) Repealed.

19 **SECTION 10. Repeal.** 24-77-102 (15) (b) (IV), Colorado
20 Revised Statutes, is repealed as follows:

21 **24-77-102. Definitions.** As used in this article, unless the context
22 otherwise requires:

23 (15) (b) "Special purpose authority" includes, but is not limited to:

24 (IV) ~~The Colorado compensation insurance authority created~~
25 ~~pursuant to section 8-45-101, C.R.S.;~~

26 **SECTION 11.** 24-1-121 (3), Colorado Revised Statutes, is
27 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

1 **24-1-121. Department of labor and employment - creation.**

2 (3) The department of labor and employment shall consist of the
3 following divisions:

4 (e) (I) THE COLORADO COMPENSATION INSURANCE AUTHORITY,
5 THE HEAD OF WHICH SHALL BE THE MANAGER OF THE COLORADO
6 COMPENSATION INSURANCE AUTHORITY. THE COLORADO COMPENSATION
7 INSURANCE AUTHORITY AND THE OFFICE OF MANAGER, CREATED BY PART
8 1 OF ARTICLE 45 OF TITLE 8, C.R.S., SHALL EXERCISE THEIR POWERS,
9 DUTIES, AND FUNCTIONS AS A DIVISION OF THE DEPARTMENT OF LABOR AND
10 EMPLOYMENT AS IF THE SAME WERE TRANSFERRED BY A **TYPE 1** TRANSFER
11 TO THE DEPARTMENT OF LABOR AND EMPLOYMENT.

12 (II) THE COLORADO COMPENSATION INSURANCE AUTHORITY SHALL
13 INCLUDE THE BOARD OF DIRECTORS OF THE COLORADO COMPENSATION
14 INSURANCE AUTHORITY, CREATED BY PART 1 OF ARTICLE 45 OF TITLE 8,
15 C.R.S., THAT SHALL EXERCISE ITS POWERS, DUTIES, AND FUNCTIONS
16 SPECIFIED BY LAW UNDER THE DEPARTMENT OF LABOR AND EMPLOYMENT
17 AS PART OF THE COLORADO COMPENSATION INSURANCE AUTHORITY AS IF
18 THE SAME WERE TRANSFERRED BY A **TYPE 1** TRANSFER.

19 **SECTION 12. Effective date.** (1) Sections 1, 12, and 13 of this
20 act shall take effect upon passage.

21 (2) The following sections shall only become effective on the date
22 the governor signs an executive order that authorizes the transfer of the
23 Colorado compensation insurance authority to the department of labor and
24 employment:

25 (a) Section 2, amending section 8-45-101, Colorado Revised
26 Statutes, abolishing the Colorado compensation insurance authority as a
27 special purpose authority and creating the Colorado compensation

1 insurance authority in the department of labor and employment;

2 (b) Section 3, repealing section 8-45-102, Colorado Revised
3 Statutes, creating the Colorado compensation insurance authority fund;

4 (c) Section 4, enacting section 8-45-101.3, Colorado Revised
5 Statutes, transferring property and employees to the Colorado
6 compensation insurance authority in the department of labor and
7 employment, section 8-45-101.5, Colorado Revised Statutes, establishing
8 the Colorado compensation insurance authority as an enterprise, and
9 section 8-45-101.7, Colorado Revised Statutes, authorizing the Colorado
10 compensation insurance authority to issue revenue bonds;

11 (d) Section 5, repealing section 8-45-116, Colorado Revised
12 Statutes, authorizing the manager of the Colorado compensation insurance
13 authority to purchase reinsurance;

14 (e) Section 6, repealing section 8-45-117, Colorado Revised
15 Statutes, giving the commissioner of insurance regulating authority over
16 the Colorado compensation insurance authority;

17 (f) Section 7, amending section 8-45-118, Colorado Revised
18 Statutes, requiring the state treasurer to disburse the moneys in the
19 Colorado compensation insurance authority fund as directed by the
20 transition commission;

21 (g) Section 8, repealing section 8-45-119, Colorado Revised
22 Statutes, requiring the state treasurer to purchase a separate bond as the
23 custodian of the Colorado compensation insurance authority fund;

24 (h) Section 9, repealing section 8-45-120, Colorado Revised
25 Statutes, authorizing the state treasurer to invest the moneys in the
26 Colorado compensation insurance authority fund;

27 (i) Section 10, repealing section 24-77-102 (15) (b) (IV), Colorado

1 Revised Statutes, defining the Colorado compensation insurance authority
2 as a special purpose authority; and

3 (j) Section 11, amending section 24-1-121, Colorado Revised
4 Statutes, adding the Colorado compensation insurance authority to the
5 department of labor and employment as a **type 1** agency.

6 (3) The governor shall notify the revisor of statutes when such
7 executive order is signed.

8 **SECTION 13. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, and safety.