

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

INTRODUCED

LLS NO. 01-0607.01 Jery Payne

HOUSE BILL 01-1243

HOUSE SPONSORSHIP

Berry

SENATE SPONSORSHIP

Takis

House Committees

Business Affairs & Labor

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE REGULATION OF SPECIALTY INSURANCE PRODUCERS.**

Bill Summary

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

Instructs the commissioner of insurance (commissioner) to issue specialty insurance producer licenses for the sale of credit insurance. Requires an applicant for licensure to submit to the commissioner the following:

- A written and signed application;
- A list of the physical locations where the sale of credit insurance will be conducted; and
- The license fee.

Exempts a specialty licensee or licensee applicant from any

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.

educational or written examination requirements not imposed by this act. Exempts employees and representatives of a licensee from the licensing requirements.

Authorizes the specialty licensing of residents of another state if the other state permits a resident of Colorado to obtain an equivalent license.

Prohibits a specialty licensee from advertising or holding oneself out as an insurance producer without actually holding the appropriate insurance license pursuant to state law. Prohibits a person from selling credit insurance unless authorized by law. Provides penalties for committing fraud, engaging in unfair trade practices, or violating this act.

Authorizes the commissioner to issue any rule necessary for the implementation of this act. Exempts persons licensed under this act from the general insurance licensing provisions.

Defines relevant terms.

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

2 **SECTION 1.** Article 2 of title 10, Colorado Revised Statutes, is
3 amended BY THE ADDITION OF A NEW PART to read:

4 PART 12

5 SPECIALTY INSURANCE PRODUCERS

6 **10-2-1201. Definitions.** AS USED IN THIS PART 12, UNLESS THE
7 CONTEXT OTHERWISE REQUIRES:

8 (1) "SPECIALTY INSURANCE PRODUCER" MEANS A CORPORATION,
9 PARTNERSHIP, ASSOCIATION, OR ANY FOREIGN OR DOMESTIC ENTITY, AS
10 DEFINED IN SECTION 7-90-102, C.R.S., THAT SELLS, SOLICITS, NEGOTIATES,
11 EFFECTS, PROCURES, DELIVERS, CONTINUES, OR BINDS CREDIT LIFE, CREDIT
12 ACCIDENT AND HEALTH, CREDIT INVOLUNTARY UNEMPLOYMENT, CREDIT
13 PROPERTY, OR ANY OTHER FORM OF CREDIT INSURANCE PURSUANT TO A
14 LICENSE ISSUED BY THE COMMISSIONER.

15 **10-2-1202. Specialty producer licensure.** (1) THE
16 COMMISSIONER SHALL ISSUE TO A PERSON, OTHER THAN AN INDIVIDUAL,
17 THAT MEETS THE REQUIREMENTS OF THIS PART 12 A LICENSE TO ACT AS A

1 SPECIALTY INSURANCE PRODUCER OF CREDIT LIFE, CREDIT ACCIDENT AND
2 HEALTH, CREDIT INVOLUNTARY UNEMPLOYMENT, CREDIT PROPERTY, OR
3 ANY OTHER FORM OF CREDIT-RELATED INSURANCE APPROVED BY THE
4 COMMISSIONER.

5 (2) A LICENSEE MAY SELL BOTH GROUP AND INDIVIDUAL
6 INSURANCE IN BOTH SINGLE AND JOINT COVERAGES.

7 (3) A LICENSEE MAY RECEIVE COMMISSIONS OR OTHER
8 COMPENSATION FOR SERVICES RENDERED IN CONNECTION WITH THE SALE
9 OF CREDIT INSURANCE.

10 **10-2-1203. Licensure application - requirements.** (1) PRIOR TO
11 THE ISSUANCE OF A LICENSE PURSUANT TO THIS PART 12, THE APPLICANT
12 SHALL SUBMIT TO THE COMMISSIONER THE FOLLOWING:

13 (a) A WRITTEN APPLICATION THAT IS SIGNED BY AN AUTHORIZED
14 REPRESENTATIVE OF THE APPLICANT;

15 (b) A LIST OF THE PHYSICAL LOCATIONS WHERE ACTIVITIES
16 AUTHORIZED BY THIS PART 12 WILL BE CONDUCTED; AND

17 (c) THE LICENSE FEE.

18 (2) PERSONAL INFORMATION REGARDING OR RELATED TO ANY
19 INDIVIDUAL SHALL NOT BE REQUIRED.

20 (3) EXCEPT AS OTHERWISE REQUIRED BY THIS PART 12, AN
21 APPLICANT FOR A LICENSE PURSUANT TO THIS PART 12 SHALL BE EXEMPT
22 FROM ANY EDUCATIONAL OR WRITTEN EXAMINATION REQUIREMENTS.

23 (4) A LICENSEE SHALL NOT BE REQUIRED TO INDIVIDUALLY LICENSE
24 ANY OF ITS OFFICERS, DIRECTORS, OR EMPLOYEES.

25 **10-2-1204. Persons licensed.** (1) A LICENSE ISSUED PURSUANT TO
26 THIS PART 12 AUTHORIZES AN EMPLOYEE OR OTHER REPRESENTATIVE OF
27 THE LICENSEE TO PARTICIPATE IN ANY ASPECT OF SELLING THE TYPES OF

1 INSURANCE AUTHORIZED BY THIS PART 12 WITHOUT BEING LICENSED OR
2 REGISTERED SO LONG AS THE EMPLOYEE OR REPRESENTATIVE:

3 (a) ENGAGES IN SUCH ACTIVITIES AS AN AUTHORIZED EMPLOYEE OR
4 REPRESENTATIVE OF A LICENSEE;

5 (b) ENGAGES IN SUCH ACTIVITIES UNDER THE SUPERVISION OF A
6 LICENSEE;

7 (c) HAS BEEN INSTRUCTED BY THE LICENSEE REGARDING THE
8 APPROPRIATE DISCLOSURES TO CONSUMERS REQUIRED BY THIS TITLE; AND

9 (d) IS NOT PRIMARILY COMPENSATED BASED UPON THE AMOUNT OR
10 SIZE OF INSURANCE CONTRACTS SOLD BY THE EMPLOYEE OR
11 REPRESENTATIVE.

12 (2) THE SPECIALTY LICENSE AUTHORIZED BY THIS PART 12 SHALL
13 BE AVAILABLE TO A RESIDENT OF ANOTHER STATE SO LONG AS THE LAWS
14 OF SUCH NONRESIDENT'S STATE REASONABLY PERMIT A RESIDENT OF
15 COLORADO TO OBTAIN AN EQUIVALENT LICENSE AS A NONRESIDENT IN
16 SUCH STATE.

17 **10-2-1205. Unlawful activities.** (1) A SPECIALTY LICENSEE SHALL
18 NOT ADVERTISE OR HOLD OUT ITSELF OR ANY EMPLOYEE OF THE LICENSEE
19 AS AN INSURANCE PRODUCER PURSUANT TO ANY PROVISION OF THIS TITLE,
20 EXCLUDING THIS PART 12, UNLESS SUCH PERSON HOLDS THE APPROPRIATE
21 INSURANCE LICENSE PURSUANT TO THIS TITLE, EXCLUDING THIS PART 12.

22 (2) A PERSON SHALL NOT SELL, SOLICIT, NEGOTIATE, EFFECT,
23 PROCURE, DELIVER, EXTEND, OR BIND CREDIT LIFE, CREDIT ACCIDENT AND
24 HEALTH, CREDIT INVOLUNTARY UNEMPLOYMENT, CREDIT PROPERTY, OR
25 ANY OTHER FORM OF CREDIT INSURANCE THAT IS SUBJECT TO APPROVAL BY
26 THE COMMISSIONER PURSUANT TO SECTION 10-2-1202 UNLESS SUCH
27 PERSON:

- 1 (a) HOLDS A LICENSE ISSUED PURSUANT TO THIS PART 12;
- 2 (b) HOLDS A PRODUCER LICENSE THAT AUTHORIZES THE SALE OF
- 3 CREDIT INSURANCE PURSUANT TO THIS TITLE; OR
- 4 (c) IS NOT REQUIRED TO HOLD A LICENSE PURSUANT TO THIS TITLE.

5 **10-2-1206. Penalties.** IF A LICENSEE VIOLATES THIS PART 12 OR

6 COMMITS FRAUD OR ENGAGES IN AN UNFAIR TRADE PRACTICE AS DEFINED

7 BY THIS TITLE, THE COMMISSIONER MAY, IN ACCORDANCE WITH THE NOTICE

8 AND HEARING REQUIREMENTS OF PART 8 OF THIS ARTICLE, REVOKE THE

9 LICENSEE'S LICENSE, PLACE THE LICENSEE ON PROBATION, ASSESS AN

10 ADMINISTRATIVE PENALTY AGAINST THE LICENSEE, REPRIMAND THE

11 LICENSEE, SUSPEND ANY TRANSACTION OF INSURANCE BUSINESS AT ANY

12 SPECIFIC LOCATION, OR LEVY ANY OTHER PENALTY CONTAINED IN PART 8

13 OF THIS ARTICLE.

14 **10-2-1207. Rules.** THE COMMISSIONER MAY PROMULGATE ANY

15 RULE NECESSARY FOR THE IMPLEMENTATION OF THIS PART 12.

16 **10-2-1208. Exemption.** EXCEPT AS OTHERWISE PROVIDED IN THIS

17 PART 12, A SPECIALTY PRODUCER SHALL NOT BE SUBJECT TO THE

18 PROVISIONS OF PART 4 OF THIS ARTICLE.

19 **SECTION 2. Effective date.** This act shall take effect at 12:01

20 a.m. on the day following the expiration of the ninety-day period after

21 final adjournment of the general assembly that is allowed for submitting

22 a referendum petition pursuant to article V, section 1 (3) of the state

23 constitution; except that, if a referendum petition is filed against this act

24 or an item, section, or part of this act within such period, then the act,

25 item, section, or part, if approved by the people, shall take effect on the

26 date of the official declaration of the vote thereon by proclamation of the

27 governor.