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HOUSE BILL 10-1385

BY REPRESENTATIVE(S) Lambert, Ferrandino, Pommer;
also SENATOR(S) Tapia, Keller, White.

CONCERNING FEES COLLECTED BY THE DIVISION OF INSURANCE TO FUND
INSURANCE FRAUD CASES PURSUED BY THE DEPARTMENT OF LAW,
AND MAKING APPROPRIATIONS IN CONNECTION THEREWITH.

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

SECTION 1. Part 2 of article 3 of title 10, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION CONTAINING A RELOCATED PROVISION, WITH AMENDMENTS, to read:

10-3-207.5. [Formerly 10-3-207 (1) (e)] Funding for insurance fraud investigations and prosecutions. (1) ~~(e)~~~~(f)~~ For the purpose of providing adequate funds to the Colorado department of law for the investigation and prosecution of allegations of insurance fraud, in addition to any other fee collected pursuant to ~~this subsection~~~~(1)~~ SECTION 10-3-207 (1), each entity regulated by the division shall pay TO THE DIVISION a nonrefundable annual fee of ~~four hundred twenty-five~~ FIVE HUNDRED SIXTY-ONE dollars, payable on or before March 1 of each year.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(2) THE DIVISION SHALL TRANSMIT FEES COLLECTED PURSUANT TO SUBSECTION (1) OF THIS SECTION TO THE STATE TREASURER FOR DEPOSIT IN THE INSURANCE FRAUD CASH FUND, WHICH FUND IS HEREBY CREATED IN THE STATE TREASURY. THE FUND SHALL CONSIST OF FEES COLLECTED PURSUANT TO THIS SECTION AND ANY OTHER MONEYS DEPOSITED INTO THE FUND. INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND. THE MONEYS IN THE FUND ARE SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY TO THE DEPARTMENT OF LAW FOR USE IN INVESTIGATING AND PROSECUTING ALLEGATIONS OF INSURANCE FRAUD. ANY UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE FUND AT THE END OF ANY FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE GENERAL FUND.

~~(H)~~ (3) ~~Commencing January 1, 2007,~~ The attorney general shall provide annual reports to the joint budget committee, the senate business, labor, and technology committee, and the house business affairs and labor committee, or any such successor committees, and shall post on the attorney general's web site a statistical report of the number of referrals, convictions, arrests, actions initiated, and restitutions, fines, costs, and forfeitures obtained from the investigation and prosecution of insurance fraud as provided in ~~subparagraph (f) of this paragraph (e)~~ THIS SECTION.

SECTION 2. 8-45-117 (1) (c), Colorado Revised Statutes, is amended to read:

8-45-117. Regulation by commissioner of insurance.

(1) Pinnacol Assurance shall be subject to regulation by the commissioner of insurance as provided in:

(c) Sections 10-1-108 (7), 10-1-109, and 10-1-102, C.R.S., except subsections (3) and (6); 10-1-205, C.R.S., (1) ~~through~~ TO (6) and (8); 10-3-109, C.R.S., except for the publication requirements; 10-3-118, C.R.S.; 10-3-128, C.R.S.; 10-3-202, C.R.S.; ~~10-3-207, C.R.S.~~ 10-3-207, C.R.S.; 10-3-207.5, C.R.S.; 10-3-208, C.R.S.; 10-3-231, C.R.S.; 10-3-239, C.R.S.; 10-3-701, C.R.S.; and part 8 of article 3 of title 10, C.R.S., except as these sections are inconsistent with the provisions of this article.

SECTION 3. 10-1-129, Colorado Revised Statutes, is amended to read:

10-1-129. Fraudulent insurance acts - enforcement. The attorney general shall have concurrent jurisdiction with the district attorneys of this state to investigate and prosecute allegations of criminal conduct related to insurance fraud pursuant to this title and titles 8 and 18, C.R.S. The cost to the attorney general of such investigations and prosecutions shall be paid from fees collected from entities regulated by the division pursuant to section ~~10-3-207 (1) (e)~~ 10-3-207.5.

SECTION 4. 10-5-108 (1) (a), Colorado Revised Statutes, is amended to read:

10-5-108. Placement of surplus line insurance. (1) No broker shall place any coverage with a nonadmitted insurer unless, at the time of placement, such nonadmitted insurer is included on the list of approved nonadmitted insurers prepared by the commissioner at least annually. Nothing in this section shall require the commissioner to place or maintain the name of any nonadmitted insurer on the list. To be placed and remain on said approved list, such nonadmitted insurer shall:

(a) Establish and maintain satisfactory evidence of good repute and financial integrity and submit a current year's application, ~~a fee~~ FEES as prescribed by ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5, a copy of its current annual statement, an actuarial opinion, and other information required by the commissioner. In the case of an insurance exchange, an aggregate combined statement of all underwriting syndicates operating during the period reported, in addition to individual statements for each syndicate, shall be submitted.

SECTION 5. 10-11-116 (1) (c), Colorado Revised Statutes, is amended to read:

10-11-116. Title insurance agents licensed. (1) (c) A license shall be issued to an attorney-at-law licensed to practice in this state if a title insurance company notifies the commissioner in writing of the name and address of each such attorney it desires to appoint as its agent and upon payment of the ~~fee~~ FEES required by ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5.

SECTION 6. 10-14-603, Colorado Revised Statutes, is amended to read:

10-14-603. Annual certificate of authority. Societies ~~which~~ THAT are authorized to transact business in this state as of July 1, 1993, and all societies authorized thereafter, may continue such business until June 30, 1994. The authority of all such societies may thereafter be renewed annually but shall terminate on the last day of the succeeding June. However, a certificate of authority so issued shall continue in full force and effect unless specifically terminated. For each such certificate of authority or renewal the society shall pay to the division of insurance ~~a fee~~ FEES as prescribed pursuant to ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5. A duly certified copy or duplicate of such certificate of authority shall be prima facie evidence that the society is a fraternal benefit society within the meaning of this article.

SECTION 7. 10-14-702, Colorado Revised Statutes, is amended to read:

10-14-702. Fees. Except as otherwise specifically provided in this article, societies shall pay the applicable fees specified in ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5 and be subject to the assessment of late fees pursuant to section 10-3-109 (2) and (3).

SECTION 8. 10-16-110 (1) (a), (2) (a), and (3), Colorado Revised Statutes, are amended to read:

10-16-110. Fees paid by health coverage entities. (1) (a) There shall be paid to the division of insurance by every corporation subject to the provisions of this part 1 and part 3 of this article such fees as are prescribed pursuant to ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5.

(2) (a) Every health maintenance organization subject to this part 1 and part 4 of this article shall pay to the commissioner the ~~fee~~ FEES as prescribed pursuant to ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5.

(3) Coincident with the filing of the annual report prescribed by section 10-16-111, each prepaid dental care plan organization subject to this part 1 and part 5 of this article shall pay to the state treasurer through the commissioner ~~a fee~~ FEES for transacting a prepaid dental care plan. The ~~fee~~ FEES shall be as prescribed pursuant to ~~section~~ SECTIONS 10-3-207 AND 10-3-207.5.

SECTION 9. Repeal of provision being relocated in this act. 10-3-207 (1) (e), Colorado Revised Statutes, is repealed.

SECTION 10. Appropriation - adjustments in long bill. (1) For the implementation of this act, appropriations made in the annual general appropriation act to the department of law, criminal justice and appellate division, for the fiscal year beginning July 1, 2010, are adjusted as follows:

(a) The appropriation for the special prosecutions unit from the division of insurance cash fund, through the appropriation for insurance fraud prosecution to the department of regulatory agencies, is decreased by six hundred fifty-five thousand five hundred forty-seven dollars (\$655,547).

(b) The appropriation for indirect cost assessments from the division of insurance cash fund, through the appropriation for insurance fraud prosecution to the department of regulatory agencies, is decreased by ninety-three thousand four hundred seven dollars (\$93,407).

(2) For the implementation of this act, appropriations made in the annual general appropriation act to the department of law, administration division, for the fiscal year beginning July 1, 2010, are adjusted as follows:

(a) The appropriation from various sources of reappropriated funds is decreased by one hundred eleven thousand two hundred thirty-two dollars (\$111,232).

(b) The appropriation from various sources of cash funds is increased by one hundred eleven thousand two hundred thirty-two dollars (\$111,232).

(3) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the insurance fraud cash fund created in section 10-3-207.5 (2), Colorado Revised Statutes, not otherwise appropriated, to the department of law, for allocation to the criminal justice and appellate division, for the fiscal year beginning July 1, 2010, the sum of seven hundred forty-eight thousand nine hundred fifty-four dollars (\$748,954) cash funds. Of said sum, six hundred fifty-five thousand five hundred forty-seven dollars (\$655,547) shall be allocated to the special prosecutions unit and ninety-three thousand four hundred seven dollars (\$93,407) shall be allocated to indirect cost assessments.

(4) For the implementation of this act, the appropriation of cash funds to the department of regulatory agencies, division of insurance, for insurance fraud prosecution, from the division of insurance cash fund, for the fiscal year beginning July 1, 2010, is reduced by eight hundred sixty thousand one hundred eighty-six dollars (\$860,186).

SECTION 11. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Terrance D. Carroll
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Brandon C. Shaffer
PRESIDENT OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

Karen Goldman
SECRETARY OF
THE SENATE

APPROVED _____

Bill Ritter, Jr.
GOVERNOR OF THE STATE OF COLORADO