



NEWS RELEASE

For Immediate Release – April, 21, 2008

Contact: Chris Lines, Public Information Officer, 303-894-7873

Insurance bill (HB 08-1228) bolsters consumer protection

DENVER – Governor Ritter signed a bill today that will ensure consumers get money owed to them when insurance companies or agents have conducted business unfairly.

In a show of solidarity, the bill was backed by the insurance industry as well as the Colorado Department of Regulatory Agencies (DORA), and its Division of Insurance, the state agency that regulates the industry.

Currently when policy holders have difficulty getting insurance companies to pay, the Division of Insurance does not have the leverage to compel payment. But once House Bill 1228 takes effect in August, the Division will have the legal authority to demand that insurance companies or agents compensate customers fully when they have been wronged by unlawful business practices. The commissioner of insurance will be able to demand repayment of premiums, payment of benefits, or that agents fulfill expectations when a policy is misrepresented. These payments can run anywhere from \$500 to hundreds of thousands of dollars.

In addition to having to pay restitution, insurance companies will also be held financially responsible if an insurance agent selling their policies acts unscrupulously.

“This bill helps to create a level playing field for consumers and businesses,” said Rico Munn, Executive Director for DORA.

“Now the Division of Insurance can take quicker action,” said Commissioner of Insurance Marcy Morrison. “The citizens of this state always benefit when all parties to a problem are willing to come together and recognize the need to find a solution and make it happen.”

Without the legislation, the Division is able to fine, suspend, or revoke a license of an insurance provider. However none of these measures help consumers get their money. When a complaint is investigated by the Division and it is discovered that the consumer is owed money, then the insurer is notified and negotiations begin.

Now when a consumer files a complaint with the Division that they have been wronged by an insurer or agent, the Division will hold a hearing and consider both parties’ positions. If it is decided that the consumer was knowingly wronged by an insurer, the commissioner of insurance will demand the insurer or agent pay the consumer in full without further negotiation or delay.

“This is the right thing for Colorado,” Munn said. “At DORA, consumer protection is our mission.”

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.