



**NEWS RELEASE**  
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**Division of Insurance Assesses Pinnacol \$80,000 Civil Penalty;  
Pinnacol to Credit \$15 Million to Certain Policyholders in 2011**

The Division of Insurance announced it has reached a settlement agreement with Pinnacol Assurance, the state's largest workers compensation insurer.

Pinnacol has agreed to credit policyholders a minimum of \$15 million against premiums in 2011. Only policyholders who are schedule-rated will receive credit. A schedule rating is a tool that workers compensation carriers can use to adjust premiums, either up or down.

In addition, Pinnacol Assurance will pay a civil penalty of \$80,000 (representing \$10,000 per year for violations where the company used unfiled schedule rating factors to set premiums for some policyholders.)

"We have come to an agreement that the Division of Insurance believes will provide relief to Pinnacol policyholders," said Colorado's Commissioner of Insurance, Marcy Morrison. "Because Pinnacol is the workers compensation insurer of last resort in Colorado, employers who are Pinnacol policyholders often accept the rates without question or complaint. It's important that the Division of Insurance maintain its vigilance to be sure that rates are not excessive, inadequate or unfairly discriminatory."

Pinnacol will cease to use two rate filing factors which the Division of Insurance asserted were violations of Colorado law. The use of these two unfiled rating factors resulted in an agreement for Pinnacol to credit the \$15 million to certain policyholders.

Pinnacol Assurance was the focus of a state-ordered audit in the spring of 2010. Details uncovered in the audit identified the use of rating factors which were not filed with the Division of Insurance as required by law. Findings in the audit raised concerns that Pinnacol's practices could result in excessive, inadequate, or unfairly discriminatory rates.

"Thanks to the leadership of the Commissioner of Insurance, premiums for workers compensation have decreased over 35 percent in the past three years in Colorado. This agreement continues that trend and helps employers in Colorado by keeping their costs low so they can invest their capital in growing their businesses," said Barbara Kelley, Executive Director of the Department of Regulatory Agencies.

The settlement agreement and original notice of hearing (now cancelled) can be viewed on the Division of Insurance website at <http://www.dora.state.co.us/insurance/enforcement/2010.htm>.

The "Notice of Hearing" is at

<http://www.dora.state.co.us/insurance/meet/hearings/NoticeHearingPinnacol081010.pdf>

The settlement agreement addresses four main violations outlined in the "Notice of Public Hearing."

<http://www.dora.state.co.us/insurance/enforcement/2010/cinvPinnacolStipFao082410.pdf>

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*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.*