

**Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 10-0280.01 Christy Chase

SENATE BILL 10-112

SENATE SPONSORSHIP

Kopp, Carroll M.

HOUSE SPONSORSHIP

(None),

Senate Committees

Judiciary
Finance

House Committees

A BILL FOR AN ACT

101 **CONCERNING RATE SETTING FOR WORKERS' COMPENSATION**
102 **INSURANCE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill modifies 3 areas of current law regarding rate setting for workers' compensation insurance. First, under current law, when an insured employer agrees to pay a deductible as part of its workers' compensation insurance policy, the carrier is allowed to determine the amount of offset to apply to the insured employer's premium based on the

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.*

deductible. **Section 1** of the bill requires the carrier to give the insured employer credit against the premium for the full amount of the deductible.

With regard to rate filings by workers' compensation rating organizations, **section 2** of the bill makes the complete recommendations and supporting materials of the rating organization and the independent actuary employed by the commissioner of insurance (commissioner), including any rationale for rate changes, available to the public.

Finally, **section 3** of the bill requires the commissioner to use a competitive bid process when selecting and licensing rating organizations for workers' compensation rates that are effective on or after January 1, 2012.

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

2 **SECTION 1.** 8-44-111 (3), Colorado Revised Statutes, is
3 amended to read:

4 **8-44-111. Workers' compensation insurance - deductibles.**
5 (3) The deductible amounts paid by any employer under the provisions
6 of this section shall be excluded from consideration by insurance carriers
7 authorized to transact business in Colorado, including Pinnacol
8 Assurance, which insures employers against liability for compensation
9 under the provisions of articles 40 to 47 of this title, in establishing the
10 modification factors based upon experience used by such insurance
11 carriers to determine premiums. FOR PURPOSES OF EXPERIENCE
12 MODIFICATIONS, MEDICAL ONLY CLAIMS SHALL BE CALCULATED IN THE
13 SAME MANNER AS CLAIMS WITH INDEMNITY PAYMENTS.

14 **SECTION 2.** 10-4-401 (3) (a) (I), Colorado Revised Statutes, is
15 amended to read:

16 **10-4-401. Purpose - applicability.** (3) The kinds of insurance
17 subject to this part 4 shall be divided into two classes, as follows:

18 (a) Type I kinds of insurance, regulated by prior filing and
19 approval of rating information, which shall be subject to all provisions of

1 this part 4 unless specifically excluded by the terms of a section. The
2 following kinds of insurance shall be classified as type I:

3 (I) Workers' compensation and employer's liability incidental
4 thereto for any pure premium rate filed by a rating organization. WITH
5 REGARD TO A RATE FILING SUBMITTED BY A RATING ORGANIZATION, THE
6 COMMISSIONER SHALL MAKE AVAILABLE TO THE PUBLIC, IN A MANNER
7 DEEMED APPROPRIATE BY THE COMMISSIONER, THE AGGREGATE LOSS AND
8 PAYROLL DATA BY CLASS CODE THAT THE RATING ORGANIZATION SUBMITS
9 WITH RATE FILING. SUCH DATA SHALL NOT BE USED FOR ANY
10 COMMERCIAL PURPOSE. == ==

11 **SECTION 3. Act subject to petition - specified effective date.**
12 (1) Except as provided in subsection (2) of this section, this act shall take
13 effect at 12:01 a.m. on the day following the expiration of the ninety-day
14 period after final adjournment of the general assembly (August 11, 2010,
15 if adjournment sine die is on May 12, 2010); except that, if a referendum
16 petition is filed pursuant to section 1 (3) of article V of the state
17 constitution against this act or an item, section, or part of this act within
18 such period, then the act, item, section, or part shall not take effect unless
19 approved by the people at the general election to be held in November
20 2010 and shall take effect on the date of the official declaration of the
21 vote thereon by the governor.

22 (2) Section 1 of this act shall take effect January 1, 2011.