

DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

ADMINISTRATIVE PROCEDURES

3 CCR 702-1

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

Regulation 1-1-1 ACTUARIAL QUALIFICATIONS

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Section 1 Authority

This regulation is promulgated pursuant to § § 10-1-108(8) and 10-1-109, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to assure that the consulting actuary, actuary or other person acting in the capacity of an actuary is properly qualified to perform the actuarial duties in a competent and professional manner by establishing qualifications for such persons. The actuarial opinion and other documents included in the scope of this regulation are relied upon for determinations of financial soundness and for the protection of the general public. For these reasons, the qualifications of the person signing the documents must be verified and periodically reevaluated.

Section 3 Applicability

The provisions of this regulation apply to any and all financial statements, rate filings or other documents which require the signature of a qualified actuary, and which are required to be submitted to the Commissioner.

Section 4 Qualifications

Any person acting in the capacity of an actuary, in order to be considered qualified, must fulfill the following requirements:

- A. In the case of documents relating to property and casualty types of coverage, the person must be:
 - 1. A member of the American Academy of Actuaries who either is a member of the Casualty Actuarial Society or has been approved by the Casualty Practice Council of the Academy, or
 - 2. A person who has demonstrated to the satisfaction of the Commissioner that the person has sufficient educational background and who has not less than seven years of recent actuarial experience relevant to the area of qualification.
- B. In the case of documents relating to other types of insurance or regulated products, the person must be:
 - 1. A member of the American Academy of Actuaries, or
 - 2. A person who has demonstrated to the satisfaction of the Commissioner that the person has sufficient educational background and who has not less than seven years of recent actuarial experience relevant to the area of qualification.

Section 5 Continued Qualification

Persons qualifying under either 4(A)(2) or 4(B)(2) must be re-qualified by the Commissioner no less frequently than every three years. At the time of re-qualification, the actuary must demonstrate to the satisfaction of the Commissioner that duties consistent with the qualification have been performed, and that knowledge of currently accepted actuarial principles and techniques in the area for which qualification has been received, have been maintained. Completion of these requirements may be evidenced by education credits consistent with the qualification, of the sort which would be sufficient to maintain American Academy of Actuaries membership, or other comparable educational credits acceptable to the Commissioner.

Section 6 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance or other laws which include the imposition of fines, issuance of cease and desist orders, and/or suspensions or revocation of license.

Section 8 Effective Date

This regulation shall become effective on June 1, 2012.

Section 9 History

Originally issued October 31, 1991.

Amended Regulation effective June 1, 2012.

Regulation 1-1-2 PUBLIC ADJUSTER REPRESENTATION AGREEMENTS SUBJECT TO RESCISSION WITHIN 72 HOURS OF SIGNING A SETTLEMENT REPRESENTATION AGREEMENT [Repealed eff. 01/15/2014]

**Regulation 1-1-3 CONCERNING RULES GOVERNING THE FILING OF DECLARATORY
JUDGMENT PETITIONS WITH THE COLORADO INSURANCE COMMISSIONER**

I. BASIS AND PURPOSE

Section 24-4-105(11), C.R.S. requires agencies of state government to adopt a regulation providing for the entertainment of petitions for declaratory orders. When the Colorado Insurance Board was in existence the Colorado Division of Insurance (Division) had such a rule. See 3 CCR 702-1, pp. 78-81. However, since the demise of the board in April, 1985, the Division has technically been without such a rule. Accordingly, the Division is adopting the following rule and simultaneously repealing the old board rule found at 3 CCR 702-1, pp. 78-81.

II. AUTHORITY

This regulation is promulgated under the authority of § § 10-1-109 and 24-4-105(11), C.R.S.

III. RULE

Declaratory Orders.

- A. Any person may petition the Commissioner for a declaratory order to terminate controversies or to remove uncertainties as to the applicability to the petitioner of any insurance statute or of any rule or order of the Commissioner.
- B. The Commissioner will determine, in his discretion and without notice to petitioner, whether to rule upon any such petition. If the Commissioner determines that he will not rule upon such a petition, the Commissioner shall issue his written order disposing of the same, stating therein his reasons for such action. A copy of such order shall forthwith be transmitted to the petitioner.
- C. In determining whether to rule upon a petition filed pursuant to this rule, the Commissioner will consider the following matters, among others:
 - 1. Whether a ruling on the petition will terminate a controversy or remove uncertainties as to the applicability to petitioner of any statutory provision or rule or order of the Commissioner.
 - 2. Whether the petition involves any subject, question or issue which is the subject of a formal or informal matter or investigation currently pending before the Commissioner or a court involving one or more of the petitioners, which will terminate the controversy or remove the uncertainties as to the applicability to the petitioner of any statutory provision or of any rule or order of the Commissioner.
 - 3. Whether the petition involves any subject, question or issue which is the subject of a formal or informal matter or investigation currently pending before the Commissioner or a court but not involving the petitioner, which will terminate the controversy or remove the uncertainties as to the applicability to the petitioner of any statutory provision or of any rule or order of the Commissioner.
 - 4. Whether the petition seeks a ruling on a moot or hypothetical question or will result in an advisory ruling or opinion.
 - 5. Whether the petitioner has some other adequate legal remedy, other than an action for declaratory relief pursuant to Rule 57, Colorado Rules of Civil Procedure, which will terminate the controversy or remove any uncertainty as to the applicability to the petitioner of the statute, rule or order in question.

- D. Any petition filed pursuant to this rule shall set forth the following:
1. The name and address of the petitioner and whether the petitioner is licensed by the Colorado Division of Insurance.
 2. The statute, rule or order to which the petition relates.
 3. A concise statement of all of the facts necessary to show the nature of the controversy or uncertainty and the manner in which the statute, rule or order in question applies or potentially applies to the petitioner.
- E. If the Commissioner determines that he will rule on the petition, the following procedures shall apply:
1. The Commissioner may rule upon the petition based solely upon the facts presented in the petition. In such a case:
 - a. Any ruling of the Commissioner will apply only to the extent of the facts presented in the petition and any amendment to the petition.
 - b. The Commissioner may order the petitioner to file a written brief, memorandum or statement of position.
 - c. The Commissioner may set the petition, upon due notice to petitioner, for a hearing.
 - d. The Commissioner may dispose of the petition on the sole basis of the matters set forth in the petition.
 - e. The Commissioner may request the petitioner to submit additional facts, in writing. In such event, such additional facts will be considered as an amendment to the petition.
 - f. The Commissioner may take administrative notice of facts pursuant to the Administrative Procedures Act [§ 24-4-105(8), C.R.S.] and may utilize its experience, technical competence and specialized knowledge in the disposition of the petition.
 - g. If the Commissioner rules upon the petition without a hearing, he shall promptly notify the petitioner of his decision.
 2. The Commissioner may, in his discretion, set the petition for hearing, upon due notice to petitioner, for the purpose of obtaining additional facts or information or to determine the truth of any facts set forth in the petition or to hear oral argument on the petition. The notice to the petitioner setting such hearing shall set forth, to the extent known, the factual or other matters into which the Commissioner intends to inquire. For the purpose of such a hearing, to the extent necessary, the petitioner shall have the burden of proving all of the facts stated in the petition, all of the facts necessary to show the nature of the controversy or uncertainty and the manner in which the statute, rule or order in question applies or potentially applies to the petitioner and any other facts the petitioner desires the Commissioner to consider.

- F. The parties to any proceeding pursuant to this rule shall be the Commissioner and the petitioner. Any other person may seek leave of the Commissioner to intervene in such a proceeding, and leave to intervene will be granted at the sole discretion of the Commissioner. A petition to intervene shall set forth the same matters as required by section D. of this rule. Any reference to a "petitioner" in this rule also refers to any person who has been granted leave to intervene by the Commissioner.
- G. Any declaratory order or other order disposing of a petition pursuant to this rule shall constitute agency action subject to judicial review pursuant to § 24-4-106, C.R.S.

IV. EFFECTIVE DATE

The effective date of this Regulation is October 1, 1986.

Regulation 1-1-4 CONCERNING THE MAINTENANCE OF OFFICES IN THIS STATE - Repealed Effective 02/01/2012

Regulation 1-1-5 RENUMBERING OF INSURANCE REGULATIONS - Repealed Effective 02/01/2003

Regulation 1-1-6 CONCERNING THE ELEMENTS OF CERTIFICATION FOR CERTAIN FORMS AND CONTRACTS [Repealed eff. 10/01/2013]

Regulation 1-1-7 MARKET CONDUCT RECORD RETENTION

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Section 16. History

Section 1. Authority

This regulation is promulgated under the authority of § 10-1-109(1), C.R.S.

Section 2. Basis And Purpose

The purpose of this amended regulation is to clarify definitions and rules that provide for retention and maintenance of records required only for market conduct purposes.

Section 3. Definitions

- A. "Application records" mean any written or electronic application form, any enrollment form, any document used to add coverage under an existing policy, any questionnaire, telephone interview form, paramedical interview form, or any other document used to question or underwrite an applicant for a policy issued by an insurer or for any declination of coverage by an insurer.
- B. "Inquiry" means a specific question, comment form or request made in writing to an insurer or its representative by a market conduct examiner authorized or designated by the commissioner.
- C. "Examiner" shall have the same meaning as in § 10-1-202, C.R.S.
- D. "Claim records" mean:
 - (1) For property and casualty: the notice of claim, claim forms, proof of loss, settlement demands, accident reports, police reports, adjusters logs, claim investigation documentation, inspection reports, supporting bills, estimates and valuation worksheets, correspondence to and from insureds and claimants or their representatives regarding claim, complaint correspondence, copies of claim checks or check numbers and amounts, releases, all applicable notices, and correspondence used for determining and concluding claim payments or denials, subrogation and salvage documentation, and any other documentation, maintained in a paper or electronic format, necessary to support claim handling activity.
 - (2) For life and annuity: the notice of claim, claim forms, medical records, proof of loss, correspondence to and from insureds and claimants or their representatives regarding claim, claim investigation documentation, claim handling logs, copies of checks or check numbers and amounts, releases, complaint correspondence, all applicable notices, and correspondence used for determining and concluding claim payments or denials, and any other documentation, maintained in a paper or electronic format, necessary to support claim handling activity.
 - (3) For health: the notice of claim, claim forms, bills, electronically submitted bills, proof of loss, correspondence to and from insureds and claimants or their representatives regarding claim, claim investigation documentation, health facility pre-admission certification or utilization review documentation where applicable to claim, claim handling logs, copies of explanation of benefit statements, copies of checks or check numbers and amounts, releases, complaint correspondence, all applicable notices, and correspondence used for determining and concluding claim payments or denials, and any other documentation, maintained in a paper or electronic format, necessary to support claim handling activity.
- E. "Complaint" shall have the same meaning as in § 10-3-1104(1)(i), C.R.S.

- F. "Declination" or "declination records" mean all written or electronic records concerning a policy for which an application for insurance coverage has been completed and submitted to the insurer or its producer but the insurer has made a determination not to issue a policy or not to add additional coverage when requested. Declined underwriting records shall include an application, any documentation substantiating the decision to decline issuance of a policy, any binder issued without the insurer issuing a policy, any documentation substantiating the decision not to add additional coverage when requested and, if required by law, any declination notification. Notes regarding requests for quotations that do not result in a completed application for coverage need not be maintained for purposes of this regulation.

Section 4. Records Required For Market Conduct Purposes

- A. Every entity subject to the Market Conduct process shall maintain its books, records, documents and other business records in a manner so that the following practices of the entity subject to the Market Conduct process may be readily ascertained during market conduct examinations, including but not limited to, company operations and management, policyholder services, claim's practices, rating, underwriting, marketing, complaint/grievance handling, producer licensing records, and additionally for health insurers/carriers or related entities: network adequacy, utilization review, quality assessment and improvement, and provider credentialing. Records for this regulation regarding market conduct purposes shall be maintained for the current calendar year plus two prior calendar years.
- B. Each producer of record, if the carrier does not maintain, shall maintain records for each policy sold, and the records shall contain all work papers and written communications in the producer's possession pertaining to the documented policy.

Section 5. Policy Records

- A. The following records shall be maintained: A policy record shall be maintained for each policy issued. Policy records shall be maintained so as to show clearly the policy period, basis for rating and any imposition of additional exclusions from or exceptions to coverage. If a policy is terminated, either by the insurer or the policyholder, documentation supporting the termination and account records indicating a return of premiums, if any, shall also be maintained. Policy records need not be segregated from the policy records of other states so long as the records are readily available to market conduct examiners as required under this regulation.
- B. Policy records shall include at least the following:
- (1) The actual, completed application for each contract, where applicable;
 - (a) The application shall bear the signature, either written or digitally authenticated, where required, of the applicant whenever the insurer intends to retain any right to contest any warranty, representation or condition contained in the application; or
 - (b) The application shall bear a clearly legible means by which an examiner can identify a producer involved in the transaction. The examiners shall be provided with any information needed to determine the identity of the producer;

- (2) Any declaration pages (the initial page and any subsequent pages), the insurance contract, any certificates evidencing coverage under a group contract, any endorsements or riders associated with a policy, any termination notices, and any written or electronic correspondence to or from the insured pertaining to the coverage. A separate copy of the record need not be maintained in the individual policy to which the record pertains, provided it is clear from the insurer's other records or systems that the record applies to a particular policy and that any data contained in the record relating to that policy, as well as the actual policy, can be retrieved or recreated;
- (3) Any binder with terms and conditions that differ from the terms and conditions of the policy subsequently issued; and
- (4) Any guidelines, manuals or other information necessary for the reconstruction of the rating, underwriting, and claims handling of the policy. Presentation at the site of a market conduct examination of a single copy of each of the above shall satisfy this requirement. If a rating, underwriting, or claims handling record is computer based, the records used to input the information into the computer system shall also be available to the examiners. These types of records include, but are not limited to, the application, where applicable, the policy form including any amendments or endorsements, rating manuals, underwriting rules, credit reports or scores, claims history reports, previous insurance coverage reports, e.g., MIB questionnaires, internal reports, loans and underwriting and rating notes.

Section 6. Claim Records

The claim records shall be maintained so as to show clearly the inception, handling and disposition of each claim. The claim records shall be sufficiently clear and specific so that pertinent events and dates of these events can be reconstructed.

- A. The record shall include at least the notification of claim, proof of loss, (or other form of claim submission) claim forms, proof of claim payment check or draft, notes, contract, declaration pages, information on type of coverage, endorsements or riders, work papers, any written communication, any documented or recorded telephone communication related to the handling of a claim, including the investigation, payment or denial of the claim, and any claim manuals or other information necessary for reviewing the claim. Where a particular document pertains to more than one record, insurers may satisfy the requirements of this paragraph by making available, at the site of a market conduct examination, a single copy of each document.
- B. Documents in a claim record received from an insured, the insured's agent, a claimant, the department or any other insurer shall bear the initial date of receipt date-stamped by the insurer in a legible form in ink, an electronic format, or some other permanent manner. Unless the company provides the examiners with written procedures to the contrary, the earliest date stamped on a document will be considered the initial date of receipt.
- C. If an insurer, as its regular business practice, places the responsibility for handling certain types of claims upon company personnel other than its claims personnel, the insurer need not duplicate its records for maintenance by claims personnel. These claims records shall be maintained as part of the records of the insurer's operations and shall be readily available to examiners.

Section 7. Licensing Records

Records to be maintained relating to the insurer's compliance with licensing requirements shall include the licensing records of each producer associated with the insurer. Licensing records shall be maintained so as to show clearly the status of the producer at the time the application was taken as well as the dates of the appointment and termination of each producer. A screen print from the NAIC Producer Database (PDB) or the Colorado Division of Insurance Database may serve to provide adequate proof only of an agent's current licensing status.

Section 8. Complaint Records

The complaint records required to be maintained under § 10-3-1104(1)(i), C.R.S. shall include, on a calendar year basis, a complaint or grievance log or register, as required by Regulation 6-2-1, in addition to the actual written complaints and any other complaint/grievance logs required by Colorado insurance law. Any codes used shall be provided to the examiners at the time of an examination.

Section 9. Format Of Records

- A. Any record required to be maintained by an insurer may be in the form of paper, photograph, magnetic, mechanical or electronic medium; or any process that accurately forms a durable reproduction of the record, so long as the record is capable of duplication to a hard copy that is as legible as the original document. Documents that are produced and sent to an insured by use of a template and an electronic mail list shall be considered to be sufficiently reproduced if the insurer can provide proof of mailing of the document and a copy of the template. Documents that require the signature of the insured or insurer's producer shall be maintained in any format listed above, provided evidence of the signature is preserved in that format.
- B. The maintenance of records in a computer-based format shall be archival in nature, so as to preclude the alteration of the record after the initial transfer to a computer format. Upon request of an examiner, all records shall be capable of duplication to a hard copy that is as legible as the original document. The records shall be maintained according to written procedures developed and adhered to by the insurer. The written procedures shall be made available to the commissioner's market conduct examiners in accordance with Section 12.
- C. Photographs, microfilms or other image-processing reproductions of records shall be equivalent to the originals and may be certified as the same in actions or proceedings before the commissioner unless inconsistent with other Colorado law.

Section 10. Location Of Records

- A. All records required to be maintained under this regulation shall be kept in a location or locations that will allow the records to be produced for examination within the time period required under Section 11.
- B. If required by law or otherwise available, the insurer shall maintain disaster preparedness or disaster recovery procedures that include provisions for the maintenance or reconstruction of original or duplicate records at another location.

Section 11. Time Limits To Provide Records And To Respond To Examiners

- A. An insurer/carrier shall provide any record requested by any examiner as required by Regulation 1-1-8 or such other time period as mutually agreed upon by the examiner and the insurer/carrier. When the requested record is not or cannot be produced by the insurer/carrier within the specified time period, a violation shall be deemed to have occurred, unless the insurer/carrier can demonstrate to the satisfaction of the commissioner that the requested record cannot reasonably be provided within the specified time period of the request through no fault of its own, its agents or its contracted third party administrator.

- B. As a means to facilitate the examination, an insurer/carrier under examination shall provide a written response to an inquiry submitted by an examiner as required by Regulation 1-1-8 or such other time period as mutually agreed upon by the examiner and the insurer/carrier. When the requested response is not provided by the insurer/carrier within the specified time period, a violation shall be deemed to have occurred, unless the insurer/carrier can demonstrate to the satisfaction of the commissioner that the requested response cannot reasonably be provided within the specified time period of the inquiry through no fault of its own, its agents or its contracted third party administrator.
- C. Original records, if required to be provided or provided during a market conduct examination, will be returned to the insurer/carrier following the examination. If the records relate to an inquiry made by an examiner, copies of the records shall become a part of the work papers of the examination. § 10-1-205, C.R.S. shall govern the public access to the work papers of the examination.

Section 12. Records Usually Required For Examination

- A. Records required for examination usually include, but are not limited to, the following, depending on the line of business;
- B. Company operations and management: history and profile, entity oversight (managing general agent, general agent, third party administrator), internal audits, anti-fraud plan if applicable, certificates of authority, disaster recovery plan, and computer systems;
- C. Policyholder service: policyholder service (premium/billing notices; policy issuance/insured requested cancellations; correspondence files; reinstatements, policy transactions (cash surrenders, policy loans bank values, extended term, reduced paid up, additional paid up, automatic premium loan, bank drafts and policy changes), late enrollment guidelines, annual policy reports, unearned premiums, assumptions, accelerated benefits, and consumer complaints (complaint register, complaint policies and procedures, complaint records, complaint disposition);
- D. Marketing: sales and advertising, producer training materials, producer communications, policy replacements, policy illustrations, accelerated benefit disclosures, outline of coverage, mass marketing policies and procedures, and agency management;
- E. Producer licensing: producer records (license, contract or letter of agreement, appointment/termination where applicable), and accounts current;
- F. Underwriting and rating practices: annual rate filing, company rating plan and rates, disclosures, producer payments, credits, deviations, schedule rating, IRPM plans, expense/loss cost multipliers, statistical coding/reporting, premium audits, loss reporting, policy forms and filings, underwriting policies, procedures, and manuals, declinations/rejections, cancellations/nonrenewals, rescissions, policyholder records (applications, policy riders, correspondence, policy forms), guaranteed issue, pre-existing conditions and privacy of protected personal information;
- G. Claims practices: policies and procedures, claims records, claims paid, claims without payment (denied, rejected, incomplete, closed without payment), total loss settlements (salvage), subrogation, litigation, claim forms, reserves, and statistical coding;
- H. Network adequacy: provider manual, provider contracting policies and procedures, provider directories, availability and accessibility standards and monitoring reports related to these standards, management agreements, intermediary contracts, intermediary certifications, provider agreements;

- I. Utilization review: utilization review plan, utilization review policies and procedures, annual utilization review certifications, utilization review monthly telephone reports, precertification records, nurse's notes, medical director reviews and appeals of noncertification records;
- J. Quality assessment and improvement: quality assessment plan, quality assessment policies and procedures, and quality assessment annual program evaluation; and
- K. Provider credentialing: credentialing plan, credentialing policies and procedures, and credential records.

Specific records relative to these areas of operations will be requested either through prior written notification, during the pre-examination conference or during the examination. These records shall be made available to the examination staff when the staff arrives at the insurer's office or upon the date specified by the examiner in charge.

Additional records requested by the commissioner shall be made available for the examination upon the date specified by the examiner in charge. Appropriate workspace and equipment shall be provided to the examiners to expedite the examiners' review of the records.

Section 13. Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in Colorado statutes pertaining to the business of insurance or other laws and specifically Section 10-1-205, C.R.S., which include the imposition of fines, issuance of cease and desist orders and/or suspension or revocation of license.

Section 14. Severability

If any provision of this regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation shall not be affected.

Section 15. Effective Date

This amended regulation shall be effective as of June 1, 2003.

Section 16. History

Issued as Regulation 1-1-7, effective October 1, 1995.

Repealed and Repromulgated (In Full) Regulation 1-1-7, effective June 1, 2003.

Regulation 1-1-8 PENALTIES AND TIMELINES CONCERNING DIVISION INQUIRIES AND DOCUMENT REQUESTS

- Section 1 Authority
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Section 7	Enforcement
Section 8	Effective Date
Section 9	History

Section 1 Authority

This regulation is promulgated pursuant to § § 10-1-109, 10-2-104, 10-3-109(3), and 10-16-109, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to prescribe the time period in which all persons and entities shall respond to Colorado Division of Insurance inquiries, including, but not limited to, document and information requests during market conduct and financial examinations, investigations of complaints, and any other formal or informal investigation or examination conducted for the purpose of determining compliance with Colorado insurance law. In addition, the purpose of this regulation is to prescribe the penalties for failure to respond to Division inquiries within the timeframes specified in this regulation.

Section 3 Applicability

This regulation shall apply to all persons and entities over whom the Division has authority, including, but not limited to, producers, insurers, health carriers, as defined by § 10-16-102(8), C.R.S., and insurance agencies for all lines of insurance. This regulation does not apply where a different timeframe for responding to Division inquiries or providing documentation or information is specifically established by Colorado statute or Division regulation.

Section 4 Definitions

As used in this regulation:

- A. "Complete and accurate response" shall mean a written response that includes all of the information, documents and explanation requested in the Division's inquiry. If the requested information is not available the response shall include a detailed explanation of why it cannot be provided.
- B. "Division" shall mean the Colorado Division of Insurance.
- C. "Inquiry" shall mean any written request from the Division to any person, for documents, information or an explanation or response. Inquiries may concern, but are not limited to, market conduct examination request/comment forms, financial examination request/memo forms, information requests arising from complaints received by the Division, compliance reviews, survey requests, rate reviews, filing reviews and any other formal or informal investigation or examination conducted for the purpose of determining compliance with Colorado insurance law. A written Division request may be transmitted electronically, hand delivery or may be sent through the United States Postal System.
- D. "Examination Request/Comment Form" and "Examination Request/Memo Form" mean a request for information made during the course of a formal market conduct or financial examination under § § 10-1-201 to 207, C.R.S. or other market conduct actions under § § 10-1-210 to 213, C.R.S., and includes:
 - 1. A written request from the examiner for books, records, materials, information, documentation or data necessary for examination of the company's operations; and

2. A written comment from the examiner that identifies concerns related to company actions that requires additional information, documentation or acknowledgment from the company.
- E. "Person" shall have the same meaning as in § 10-2-103(8), C.R.S.
- F. "Response" means all written information, documentation and/or explanations provided to the Division from the person to whom the inquiry is made.

Section 5 Rules

- A. Unless another time period is specified by the Division in writing, every person shall provide a complete and accurate response to an Examination Request/Comment Form or Examination Request/Memo Form within ten (10) calendar days from the date on the form.
- B. Except for responses to an Examination Request/Comment Form or Examination Request/Memo Form, and unless another time period is specified by statute, regulation or by the Division either electronically or in another written form, every person shall provide a complete and accurate response to any inquiry from the Division within twenty (20) calendar days from the date of the inquiry.
- C. Extension Requests.
 1. If additional time is required to respond to any Division inquiry, the person shall submit a written request for an extension of time to the Division employee or examiner making the inquiry. The request for an extension of time shall:
 - a. Be made no later than 5:00 PM Mountain Time on the business day prior to the response due date;
 - b. Include a specific period of time for the extension; and
 - c. State in detail the reasons necessitating the extension.
 2. An extension may be granted, at the discretion of the Division, for good cause shown. When a request for an extension is granted, the person shall provide a complete and accurate response within the new time period granted. If an extension is not granted, or the person requesting the extension does not receive written confirmation from the Division that the extension is granted, the original response due date applies.
- D. If a person is represented by legal counsel, said representation does not alter or absolve the person's obligations to comply with this regulation.
- E. The Division will calculate the applicable time periods from the date of the Division's inquiry as follows:
 1. If the response is mailed, the postmark date;
 2. If the response is hand-delivered to the Division, the date identified by the Division's date received stamp;
 3. If the response is hand-delivered directly to Division staff, Division representative or examiner while the examiner is off of Division premises, the date the staff, representative or examiner receives the response as acknowledged by the staff, representative or examiner;

4. If the response is transmitted electronically, the electronically recorded date and time; and
 5. If the response is faxed, the date identified by the Division's date received stamp. If controversy over the received date of a fax exists, all evidence will be considered, including the electronically placed fax header and the Division's internal fax machine records.
- F. Failure to provide a complete and accurate response to a Division inquiry, failure to request an extension for a specified period in accordance with subsection C. above, or failure to provide a complete and accurate response to a Division inquiry when an extension is not granted, may result in the imposition of a \$500.00 civil penalty for an initial violation, and may be increased up to a maximum penalty of \$5,000.00 for each subsequent violation, as permitted by § 10-3-109(3), C.R.S.

Section 6 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of the regulation shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 8 Effective Date

This regulation is effective on July 1, 2012.

Section 9 History

Originally promulgated as regulation 6-2-2, effective; January 31, 1998.

Repealed regulation 6-2-2, re-promulgated as new regulation 1-1-8. Hearing date: April 3, 2003, effective June 2, 2003.

Amended regulation effective February 1, 2009.

Amended regulation effective July 1, 2012.

Regulation 1-1-9 ELECTRONIC RATE FILING AND EXEMPTION TO ELECTRONIC RATE FILING REQUIREMENT DUE TO AN EMERGENCY SITUATION

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| Section 1 | Authority |
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Section 6	Enforcement
Section 7	Effective Date
Section 8	History

Section 1 Authority

This regulation is promulgated under the authority of § § 10-1-109, 10-4-401(5) and 10-16-107(1), C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to prescribe the format for electronic rate filings with the Division of Insurance (Division), and to set forth the circumstances that would be considered an emergency situation exempting carriers from making electronic rate filings.

Section 3 Applicability

The requirements of this regulation shall apply to all insurance companies who file type II rates for property and casualty insurance rate filings subject to Parts 1 through 4 of article 4 of title 10, C.R.S., and for health rate filings subject to Article 16 of Title 10.

Section 4 Rule

- A. The following situations are defined as an emergency situation that would exempt carriers from making electronic rate filings;
 - 1. At the written request of a carrier, the commissioner determines a catastrophic event has occurred affecting the carrier, such as: an act of God, war or other attack, explosion, fire, flood, storm or similar event which prevents the carrier from filing rates electronically for a period estimated to be more than 30 days; or
 - 2. Any other circumstances the commissioner deems to be an emergency situation.
- B. Except as a result of an event described in section 4.A, an emergency situation does not exist due to an insurer's failure to have adequate, properly trained staff to file rates electronically.
- C. The Division will only accept electronic filings submitted through SERFF (System for Electronic Rate and Form Filing). Information regarding SERFF can be located at www.SERFF.com.

Section 5 Severability

If any provision of this regulation or application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 6 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 7 Effective Date

This regulation shall be effective April 1, 2013.

Section 8 History

New Colorado Regulation 1-1-9 effective February 1, 2008.

Amended Regulation 1-1-9 effective April 1, 2013.

Regulation 1-2-1 CONCERNING PRODUCER FIDUCIARY RESPONSIBILITIES

Section 1. Authority

Section 2. Scope and Purpose

Section 3. Applicability

Section 4. Rule

Section 5. Enforcement

Section 6. Severability

Section 7. Effective Date

Section 8. History

Section 1. Authority

This regulation is promulgated under the authority of § § 10-1-109, 10-2-104, 10-2-704, and 10-3-1110 Colorado Revised Statutes (C.R.S.)

Section 2. Scope and Purpose

The purpose of this regulation is to clarify the responsibility of insurance producers to treat each insurance policy and premiums handled thereon as a separate account of their insureds unless specific authorization has been obtained from insureds to commingle multiple obligations and funds.

Section 3. Applicability

This regulation shall apply to all insurance producers and agencies over whom the Division of Insurance has authority.

Section 4. Rule

- A. No insurance premium or refund received by an insurance producer or agency by reason of the application for, issuance or termination of any particular policy may be credited to any other obligation owed by the insured to such producer, agency or other insurer unless specific written authorization has been obtained from the insured to so credit, or a blanket authorization has been obtained from the insured to handle all policies and obligations from one account.
- B. Upon receipt, the insurance producer or agency shall treat all premiums and returned premiums in a fiduciary capacity, including but not limited to the following:
 - 1. Upon receipt the insurance producer or agency must treat all premiums and return premiums as trust funds and segregate them from his own funds;
 - 2. The insurance producer or agency must keep an accurate record of all fiduciary funds;

3. The insurance producer or agency must not treat insurance premiums or returned premiums as a personal or business asset;
4. The insurance producer's or agency's financial statement should not reflect fiduciary funds as an asset or as income to the insurance producer or agency;
5. An insurance producer or agency may not use fiduciary funds as collateral for a personal or business loan; and
6. Any deposit of such premium and returned premium funds into a bank or savings account must be into a separate insurance trust account until actually remitted to the insurer or person entitled thereto. Such deposits will be subject to the uniform fiduciary's law as delineated in § 15-1-101, et seq, C.R.S.

Section 5. Enforcement

Noncompliance with this regulation, whether defined or reasonably implied, may result, after proper notice and hearing, in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance or other laws which include the imposition of fines, issuance of cease and desist orders and/or suspensions or revocation of license.

Section 6. Severability

If any of the provisions of this regulation or the application thereof to any person or circumstances is for any reason held invalid or unenforceable, this regulation shall be construed as if not containing such provisions and the validity, legality and enforceability of the remaining provisions of this regulation shall not be affected or impaired in any way.

Section 7. Effective Date

This regulation is effective January 1, 2009.

Section 8. History

Originally promulgated in 1978 as 78-12

Amended Regulation in 1980

Re-codified as Regulation 1-2-1 in 1992

Repealed and repromulgated January 1, 2009.

Regulation 1-2-4 CONTINUING EDUCATION REQUIREMENTS FOR LICENSED INSURANCE PRODUCERS, INCLUDING PUBLIC ADJUSTERS

- | | |
|-----------|-------------------|
| Section 1 | Authority |
| Section 2 | Scope and Purpose |
| Section 3 | Applicability |
| Section 4 | Definitions |
| Section 5 | Rules |

Section 6	Severability
Section 7	Enforcement
Section 8	Effective Date
Section 9	History

Section 1 Authority

This amended regulation is promulgated and adopted by the Commissioner of Insurance under the authority of § 10-1-109, 10-2-104, 10-2-301 and 10-19-113.7, C.R.S.

Section 2 Scope and Purpose

This regulation establishes continuing education requirements for persons licensed to sell certain types of insurance, including public adjusters. Additionally, this regulation establishes the procedures for filing course completion information by the course providers.

This regulation sets forth:

- A. The basic requirements for such training and the standards for the courses and programs that qualify for approval by the Commissioner;
- B. The procedures and standards that the Commissioner will use in approving the courses;
- C. The required record keeping and procedures for certification of satisfactory completion of the continuing education requirement; and
- D. The sanctions for noncompliance with this regulation.

Section 3 Applicability

This regulation shall apply to all individuals licensed as insurance producers, including public adjusters, in Colorado, with the exception of those individuals licensed to write only one or more of the following lines: travel ticket selling, title, limited lines credit insurance, and crop hail. This regulation shall also apply to all providers of continuing insurance education in Colorado.

The requirements of this regulation apply to any Colorado resident licensed to solicit and sell insurance in this state and to public adjusters. Pursuant to § 10-2-301(3)(b), C.R.S., this section shall not apply to any person holding a limited or restricted license if that license is in good standing with the Division of Insurance and no complaints have been filed against the licensee.

Section 4 Definitions

- A. "Approved course" is a course offered for continuing education credit that is approved by the Division of Insurance.
- B. "Credit hour" is a value assigned to an approved course.
- C. "Carryover credit hour" is a credit hour earned over and above the twenty-four (24) hours of continuing education required during the one hundred twenty (120) days before the licensing continuation date, which may be applied to the next continuing education period. If a producer chooses to complete continuing education courses in the period prior to their first continuation, these credits are not eligible for carry over.

- D. "Classroom course" is at least sixty (60) minutes of participation in an approved course in a classroom. Not more than ten (10) minutes of any sixty (60) minute period may be used for breaks, roll taking, or administrative instructions. Classroom course includes a course offered by live video conference or webcast if the technology allows for communication between and among the participants and instructor and the participant's attendance and participation is monitored.
- E. "Competency examination" is a closed book examination taken and passed by a producer without assistance and personally monitored by a disinterested third party.
- F. "Continuing Education Administrator" shall mean Pearson VUE whose mailing address is 3131 South Vaughn Way, Suite 205, Aurora, Colorado 80014.
- G. "Disinterested third party" is someone who is not:
1. A minor;
 2. A relative of the producer;
 3. The immediate supervisor of the producer; or
 4. A person with an economic or other interest in ensuring the successful outcome of a competency examination. Being employed by the same company or working for the same employer does not mean a person has an economic or other direct interest in ensuring the successful outcome of the examination. Co-employees or co-workers of a producer taking a competency examination may administer the examination so long as the other requirements of this paragraph are met and such co-employee or co-worker does not work on a regular basis with the producer in a marketing or sales capacity.
- H. "Insurance producer" or "Producer" shall have the same meaning as defined in § 10-2-103(6), C.R.S.
- I. "Public adjuster" shall have the same meaning as defined in § 10-2-103(8.5), C.R.S.
- J. "Qualified instructor" means a person who has demonstrated competency in the subject matter of an approved course through one of the following means:
1. A college degree from an accredited institution of higher learning with a major in insurance;
 2. A professional designation of CLU or CPCU or similar designation from an industry association; or
 3. Three (3) or more years practical experience in the subject matter being taught or monitored.
- Qualified instructors shall not have been subject to any order of revocation, suspension or other formal disciplinary action in any state.
- K. "Self-study course" is a course that involves book study, video study, computer based training or other means of training and education where a qualified instructor is not present. Self-study courses must include an examination and the examination is subject to the requirements of a competency examination.

- L. "Sponsor" means the person or entity primarily responsible for conducting the course and maintaining records of successful course completion. A sponsor may be an institution, organization or instructor.

Section 5 Rules

A. Required Hours/Certification

Every producer who is licensed in Colorado and not otherwise specifically exempted in this regulation shall complete twenty-four (24) credit hours of approved courses biennially after the producer's initial renewal. At least eighteen (18) of the twenty-four (24) credit hours shall be in approved courses for the type of license for which the producer is licensed. At least three (3) of the twenty-four (24) hours of continuing education shall be for courses in ethics. All producers licensed to sell property or personal lines insurance must complete three (3) hours of continuing education on homeowner's insurance coverage. A maximum of six (6) of the twenty-four (24) credit hours shall be in approved courses on subjects designated by the Commissioner whenever the Commissioner determines that continuing education in such subjects is needed to protect insurance consumers. Those individuals licensed as reinsurance intermediary brokers must complete the required continuing education through professional seminars or curriculum within the reinsurance field. Producers may accumulate no more than twelve (12) carryover credit hours during the one hundred twenty (120) days before the licensing continuation date, which may be applied to the next continuing education period.

In meeting the requirements, producers must comply with the following:

1. In determining the number of credit hours to be counted toward meeting the required hours, the instructor shall qualify for the same number of hours of continuing education as the person attending and successfully completing the course or program. A qualified instructor may not count instruction hours for the same course more than once during a twenty-four (24) month period.
 2. A producer who successfully completes an approved course may not repeat the course within a two (2) year period and count it toward the required hours, except for courses dealing with statutory updates.
 3. If a nonresident producer has satisfied the continuing education requirements of his or her home state, this will constitute satisfaction of Colorado's continuing education requirements provided the nonresident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from Colorado on the same basis. A nonresident producer, whose home state does not recognize satisfaction of Colorado's continuing education requirement, must comply with the Colorado continuing insurance education requirements.
 4. If a producer works for a company with a qualified home office located in Colorado and that company provides a course of study for its producers, this will satisfy the continuing education requirement. The company must produce a certification letter attesting to successful completion of the company's course of study. This certification letter must be signed by the producer and endorsed by the company's licensing official.
- B. Implementation of Health Maintenance Organization and Nonprofit Hospital Medical-Surgical and Health Service Corporation Producers Continuing Education Requirement

There will be no new licenses issued for these lines on or after January 1, 2002. All producers who currently hold the health maintenance organization and/or nonprofit hospital medical-surgical and health service producer licenses will not be required to complete twenty-four (24) hours of continuing education for compliance periods beginning after January 1, 2002.

C. Approved Courses

1. Guidelines for Course Approval

In determining which insurance related courses qualify for approval, the Commissioner will consider such factors as:

- a. Course Content: Approved courses may include information on specific insurance products approved for sale in Colorado, relevant state or national laws, insurance taxation, insurance practices, ethics, and claims or underwriting procedures. Approved courses must be insurance related and must not include courses or portions of courses on personal enrichment, sales training or sales information. Courses on the following topics may not be approved:
 - (1) Any course used to prepare for taking an insurance license exam;
 - (2) Computer science and automation courses;
 - (3) Motivational, sales training, or psychology courses;
 - (4) Communication or relationship building;
 - (5) Prospecting, marketing or planning;
 - (6) Courses which are primarily intended to impart knowledge of office procedures, administrative matters or personnel issues;
 - (7) Courses related to service standards or service vendors;
 - (8) Investment and other courses which do not show a direct connection to insurance;
 - (9) Time management; or
 - (10) Courses on FINRA/SEC compliance (NASD/SEC).
- b. Qualifications of the instructor: A qualified instructor must teach the approved courses and/or examinations.
- c. Location: Both classroom courses and self-study courses will be considered for approval.
- d. Competency Examinations/Designation of Disinterested Third Party: Designation of the disinterested third party authorized to administer competency examinations is the responsibility of the course provider. The disinterested third party must provide an affidavit attesting under oath or affirmation that:
 - (1) The paper or electronic course examination was proctored;
 - (2) The examination was provided in a manner specified by the Sponsor;

- (3) He or she is not part of or aware of any efforts to circumvent the requirements of the examination; and
- (4) No attendee was permitted to use study materials or have assistance during the examination.

Affidavits must be submitted the day of the examination. Sponsors must clearly identify the time frame required for submission and provide the affidavit form prior to testing. The test completion date is the date the individual took and successfully passed the examination, providing the affidavit is received by the sponsor and the sponsor was paid.

- e. Accreditation: Courses that are provided by accredited institutions of higher education or that lead to nationally recognized professional insurance and insurance related designations shall be considered for automatic qualification based upon relevancy of content. Qualification will only be granted after an application is filed with the Division of Insurance, a qualified instructor is established and a course number is assigned.

2. Application for Course Approval by Sponsor

- a. Courses must be presented to the Commissioner for approval at least sixty (60) days prior to the first date the course will be offered. Any program of continuing education that is operated by an insurance company with a qualified home office located in Colorado is not subject to course review and approval by the Commissioner as long as the course does not contain information related to personal enrichment, sales training or sales information. The insurance company will be required to establish the number of credit hours for the course and obtain a course number from the Division of Insurance prior to offering the course.
- b. Applications must be filed on a paper form prescribed by the Commissioner, or electronically via Compliance Express at <http://www.sircon.com/index/html> and must include the following:
 - (1) An outline of the course;
 - (2) A copy of the table of contents of any textbooks used;
 - (3) A sample competency examination, for self-study courses;
 - (4) A non-refundable filing fee in the amount of \$20.00 for each course, except for insurers paying one or more of the fees prescribed under § 10-3-207, C.R.S.;
 - (5) The number of hours proposed for the course;
 - (6) The qualifications of the instructor(s);
 - (7) The date of course initiation, if known;
 - (8) A postage paid, self-addressed envelope, if application is filed in paper form:

- (9) Applications for self-study courses must include a certification report on the number of pages in any textbook, excluding glossaries, indexes, tables of contents, and appendices. For internet, webinar or other electronically delivered courses, a screen count is also required. If the required materials or information is not included, the course may be disapproved.
- c. No course shall be offered or advertised as approved until the sponsor has received written notification of its approval. Notification of the approval or disapproval of a course will be sent to the sponsor electronically, or for paper applications, in the return envelope provided as required in Section 5.C.2.b. 8 of this regulation.
- d. An approved course may be offered until the expiration date without additional notice to the Division of Insurance or the Continuing Education administrator, providing the course content is materially unchanged. All courses approved during January through June shall expire on March 31 of the third year after the approval date. All courses approved during July through December shall expire on September 30 of the third year after the approval date. The course approval must be renewed in the manner prescribed by the Commissioner and payment of a \$20.00 renewal fee.

D. Record Keeping

1. Sponsors

- a. Sponsors must maintain adequate records to verify the attendance and successful course completion for all producers enrolled in a course.
- b. Attendance and completion records must be retained for a five-year period following the date of completion of the course. These records must be available for audit by the Division of Insurance and/or the Continuing Education Administrator.
- c. The sponsor shall file attendance and completion records with the Continuing Education Administrator on at least a monthly basis. This includes companies with a qualified home office in Colorado that provides a course of study for their licensed producers. These records must be filed electronically via Sircon at <http://www.sircon.com/index.html>.
- d. The sponsor responsible for the approved course must provide documentation of course completion to each producer who successfully completed the course within seven (7) days after the course is completed or the competency examination is scored. This includes companies with a qualified home office in Colorado that provides a course of study for their licensed producers.
- e. Failure to comply as required in a. through d. above shall result in immediate termination of course approval.

2. Producers

- a. It is the responsibility of the producer to maintain records sufficient to document successful completion of twenty-four (24) credit hours on a biennial basis.
- b. Supporting documentation must be:

- (1) Maintained by the producer for five (5) years following license continuation; and
 - (2) Available for audit by the Division of Insurance or the Continuing Education Administrator.
- c. In no instance, may a producer count as part of the twenty-four (24) hours, a course taught by an immediate supervisor or employee of the producer acting in the capacity of supervisor or employee.
- d. Accuracy of the documentation of the course taken from the sponsoring organization remains the responsibility of the producer.

E. Advertisement of Qualified Courses

1. No course may be advertised or described as an approved course until written confirmation of course approval has been received from the Division of Insurance.
2. Announcements, advertisements, and information about courses designated as approved courses by the Division of Insurance, shall contain the statement, "This course is approved by the Colorado Division of Insurance for Continuing Insurance Education Credit," followed by a statement of the number of credit hours.
3. If the course offered contains material that is not approved, the announcement, advertisement or information must clearly state the amount of course time which is not approved for continuing insurance education credits.
4. Announcements, advertisements or information about approved courses shall contain clear and concise statements about the cost of the course, cancellation procedures, and tuition refund policies.

Section 6 Severability

If any provision of this regulation or its application to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 8 Effective Date

This regulation is effective January 1, 2014.

Section 9 History

New November 2, 1992; Effective January 1, 1993.

Amended October 15, 1994; Effective January 1, 1995: Sections amended 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12.

Amended April 3, 1998; Effective June 2, 1998. Sections added: 6. Sections amended: 1, 2, 3, 4, 5, 7, 8, 10, and 13.

Amended November 1, 2000. Effective January 1, 2001. Sections amended 2, 5, and 7. Section 10 deleted. Subsequent sections renumbered.

Emergency Regulation effective January 1, 2002. Sections amended 1, 2, 3, 4, 5, 6, 7, 8, 12, and 13.

Amended Regulation effective April 1, 2002. Sections amended 1, 2, 3, 4, 5, 6, 7, 8, 12, and 13.

Amended Regulation effective February 1, 2003. Sections Amended 1, 3, 5, 8, 12 and 13.

Amended Regulation effective September 30, 2004. Sections Amended 2 and 5.

Amended Regulation effective February 1, 2005. Sections 5, 7, 10 and 12.

Amended Regulation effective January 1, 2006. Sections 5.b., 7.B., 12, and 13.

Amended Regulation effective January 1, 2007. Sections 4E, 5A(2), 5C1(c), 5C1(d), 5C1(e), 5C1(e), 5C2(b)(iii), 5C2(b)(iv), 5C2(b)(ix), 8.

Emergency Regulation 12-E-01 effective July 1, 2012.

Amended Regulation effective October 15, 2012. Sections 1, 2, 3, 4, 5, and 7.

Amended Regulation effective January 1, 2014.

Regulation 1-2-5 INSURANCE PRODUCER PRELICENSING EDUCATION REQUIREMENTS FOR RESIDENTS

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	General Requirements
Section 6	Course Approval
Section 7	Course Hour Requirements
Section 8	Certification of Satisfactory Completion
Section 9	Period of Validity for Prelicensing Course Certificates
Section 10	Exemptions from Prelicensing education
Section 11	Compliance
Section 12	Enforcement
Section 13	Severability

Section 14 Further Information and Submittals

Section 15 Effective Date

Section 16 History

Section 1 Authority

This regulation is promulgated under the authority of § § 10-1-109, 10-2-104, and 10-2-201(2), C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to set forth the prelicensing education required for all applicants for a resident insurance producer license issued by the State of Colorado. The regulation also sets forth the method for submission and approval of prelicensure education courses.

Section 3 Applicability

The requirements of this regulation shall apply to all applicants for a resident insurance producer license issued by the State of Colorado who are subject to the prelicensure education requirements set forth in § 10-2-201, C.R.S. The requirements of this regulation shall also apply to providers of prelicensure education in Colorado.

Section 4 Definitions

- A. "Course Provider" means the person or entity approved by the Division to offer prelicensing education courses for Colorado resident insurance producers.
- B. "Division" means the Colorado Division of Insurance.
- C. "Insurance Producer" shall have the same meaning as set forth in § 10-2-103(6), C.R.S.
- D. "License" shall have the same meaning as set forth in § 10-2-103(7), C.R.S.
- E. "Line of Authority" shall mean the specific type of insurance as authorized in § 10-2-407, C.R.S.
- F. "NAIC" shall mean the National Association of Insurance Commissioners.
- G. "Resident" shall have the meaning as set forth in § 10-2-405, C.R.S.

Section 5 General Requirements

Any person applying for a Colorado resident insurance producer license, other than those exempt pursuant to § 10-2-202, C.R.S., must successfully complete prelicensing education before taking the state producer license examination. The prelicensing education required by this regulation shall be satisfied by the successful completion of course(s), with hours totaling those required by Section 7 of this regulation. Course(s) must be approved for prelicensing for the particular line of authority by the Division. Only successful completion of courses approved by the Division will satisfy the requirements of the regulation.

Section 6 Course Approval

A. Prior to being offered or advertised, any prelicensing course or program must be approved by the Division. Any change in the course or program must be approved by the Division prior to being implemented. Any full-time program of prelicensure education operated by a company with a qualified home office located in Colorado will not be required to submit courses for review and certification by the Commissioner. Course approval requests must be accompanied by the following:

1. Course or program outline(s) showing individual topic(s) to be covered and hours to be satisfied. The course or program outline must include and demonstrate the following:
 - a. The legal concepts and regulations portion of the course or program shall cover all sections of Colorado insurance law listed in the examination content outline. This outline is available on the Division's website.
 - b. The course or program outline must show the page and paragraph where the required information is located on the submitted course. If the course or program is web-based or otherwise electronically transmitted then the outline must identify the slide or screen number or other distinguishable location where the information is located, as applicable.
 - c. The hours requested for the course or program must be substantiated by a word count, screen count or other quantifiable method.
2. Copies of all proposed study materials. Publicly published text or other study materials require submission of the title, edition date, publisher, and authority. The Division may request the text or other materials, as necessary;
3. Instructor qualifications. Instructors must meet one or more of the following qualifications: demonstrated competence in the subject area; a professional insurance designation; or academic qualifications (by a specific degree related to insurance or instructing or teaching);
4. Method of measuring satisfactory completion; and
5. The appropriate course or program fee and the course or program submittal document.

Once approved, a course or program may be offered for three years without additional notice to the Division so long as the course or program content is not materially changed, except to reflect changes in the insurance laws.

B. Prelicensing courses may consist either of classroom study or self-study (including online courses). Evaluation of any proposed course shall be based upon the substance of the course and not its method of delivery. During the consideration of approval for a self-study course or program, the Division will take into account the specific method used to verify that a student satisfactorily completed the course or program. One of the following methods shall be used in measuring satisfactory completion of a course or program:

1. Self-Study courses or programs must have a final examination that is monitored by a disinterested third party. Final examination is a closed book examination taken and passed by an individual without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the individual, his immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.

2. Classroom courses or programs must contain a final examination that is monitored by a qualified instructor from the providing organization. Final examination is a closed book examination taken and passed by an individual without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the individual, his immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.
 3. Passage of a nationally recognized insurance test for a professional designation will be evidence of successful completion.
- C. The curriculum of the following designation programs satisfy the prelicensure education requirements of § 10-2-201, C.R.S., as follows:
1. The total curriculum required to obtain an AAI, ARM, CIC or CPCU designation shall be considered an approved prelicensing course for property and/or casualty lines of authority.
 2. The total curriculum required to obtain an RHU, CEBS, REBC or HIA designation is considered an approved prelicensing course for accident & health or sickness line of authority.
 3. The total curriculum required to obtain a CEBS, ChFC, CIC, CFP, CLU, FLMI or LUTCF designation is considered an approved prelicensing course for the life line of authority.

Individual courses within the curricula listed in paragraphs 1.a. through 1.c. require prior approval of the Division before being offered or advertised as a prelicensing course in Colorado.

Section 7 Course Hour Requirements

An applicant must successfully complete a prelicensure education course, training program in the following areas prior to taking a prelicensing examination for one of the five major lines of authority: life, accident & health or sickness, property, casualty, or personal lines. The required hours are as follows:

Property Insurance	50 hours
Casualty Insurance	50 hours
Combined Property & Casualty Insurance	50 hours
Life Insurance	50 hours
Health Insurance	50 hours
Personal Lines	50 hours

Three (3) hours of the fifty (50) required hours must be on insurance industry ethics. Three (3) hours of the fifty (50) required hours must be on Colorado insurance laws and regulations that are general in nature and not related to the specific line of business. Four (4) hours of the fifty (50) required hours must be on Colorado insurance laws and regulations that are specifically related to the line of business.

For those individuals applying for more than one line of authority, the three (3) hours of Ethics need only be taken once.

Section 8 Certification of Satisfactory Completion

- A. A certificate of completion shall be issued by the approved Course Provider to each person satisfactorily completing the course.

- B. The certificate of completion shall contain the student's full name, residential address, name of the approved course, beginning date, date of completion, name of the approved Course Provider, the original or electronic signature of the instructor and any other information that the Division deems necessary.
- C. The certificate of completion must have been earned prior to sitting for the state license examination. Proof of course completion must be transmitted electronically to the Division or its vendor. Such electronic transmission will satisfy the applicant's responsibility to transmit the certificate to the Division.

Section 9 Period of Validity for Prelicensing Course Certificates

Prelicensing certificates of completion shall be valid for a period of one (1) year from the date of completion. Prelicensing certificates of completion that are more than one (1) year old will not be accepted by the Division and students will be required to take an approved prelicensing course.

Section 10 Exemption from Prelicensing education

An individual who was previously licensed for the same line(s) of authority in a reciprocal state is exempt from prelicensing education. Such individual shall be required to certify knowledge of Colorado law applicable to insurance producers on a form approved by the Division. This exemption is only available if the person is currently licensed in the other state or if the application is received within ninety (90) days of the cancellation of the applicant's previous home state license and if the prior home state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's producer database records, maintained by the NAIC, its affiliates or subsidiaries, indicates that the insurance producer is or was licensed in good standing for the line(s) of authority requested.

Section 11 Compliance

The Division or its designee may conduct audits of producers, course providers, sponsoring organizations, or qualified instructors to verify that the approved courses are administered as filed with the Division of Insurance and to determine compliance with § 10-2-203, C.R.S., and this regulation.

Noncompliance with this regulation or the applicable provisions of Title 10 by institutions, instructors, or organizations conducting approved courses may result in termination of course approval.

Section 12 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 13 Severability

If any provision of this Regulation or the application thereof to any person or circumstance is for any reason held to be invalid the remainder of the regulation shall not be affected.

Section 14 Further Information and Submittals

Any submittals or questions should be directed to:

Licensing Administrator

Colorado Division of Insurance

1560 Broadway, Suite 850

Denver, Colorado 80202

Phone (303) 894-7499

Section 15 Effective Date

This regulation is effective October 15, 2012.

Section 16 History

Original Regulation 1-2-5, Effective January 1, 1995.

Emergency Regulation 01-E-4, Effective January 1, 2002

Temporary Regulation 02-E-2, Effective April 1, 2002

Amended Regulation 1-2-5, Effective May 1, 2002.

Amended Regulation 1-2-5, Effective March 31, 2007.

Amended Regulation 1-2-5, Effective February 1, 2008.

Emergency Regulation 12-E-09, Effective July 1, 2012.

Repealed and Repromulgated Regulation 1-2-5, Effective October 15, 2012.

Regulation 1-2-6 CONCERNING REINSURANCE INTERMEDIARIES

Section 1. Authority

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Section 1. Authority

This regulation is promulgated under the authority of § §10-2-104, 10-2-912, and 10-2-1101, C.R.S.

Section 2. Basis And Purpose

In accordance with the provisions of Part 9, of Article 2 of Title 10, reinsurance intermediaries are required to be licensed by the Division of Insurance prior to doing business in Colorado. The purpose of this regulation is to specify the filing requirements for licensure.

Section 3. Reinsurance Intermediary License

Reinsurance intermediary licenses shall be perpetual licenses that are subject to payment of a continuation fee and filing the continuation forms approved by the Commissioner ninety (90) days prior to the month of continuation. Issuance of the Reinsurance Intermediary License is not dependent upon licensure as an insurance producer under §10-2-401. C.R.S.

Section 4. Filing Requirements For Licensure As A Reinsurance Intermediary -- Producer

- A. Any person, firm, association, or corporation initially applying to be a reinsurance intermediary - producer must submit the following information to the Colorado Division of Insurance:
1. Completed application on the form prescribed by the Commissioner, which is available upon request.
 2. Completed biographical affidavits prepared on the National Association of Insurance Commissioners (NAIC) form, including full disclosure of any and all past situations that involved legal actions, stipulated settlements, judgments or arbitration. If the applicant is an association or corporation, this information must be furnished for all officers, directors, and employees acting as reinsurance intermediary - producers and any other member, principal, officer, director or controlling party (as defined in § 10-2-902, C.R.S.). Failure to disclose past situations is sufficient cause for revocation of a previously granted license.
 3. Evidence of at least five years responsible insurance experience with respect to reinsurance matters acceptable to the Commissioner.
 4. Nonresident applicants must complete a form to designate the Commissioner as agent for service of process, with the form available upon request.
 5. A sample of the contract to be used by the reinsurance intermediary - producer with the Colorado domestic ceding insurers.
 6. Any other pertinent information the Commissioner may request.
 7. A nonrefundable fee in the amount of \$200.00.
- B. Ninety (90) days prior to the month a license is due to be continued the Commissioner shall notify the reinsurance intermediary - producer, at the last known address, of the requirements necessary to continue the license. Any person, firm, association, or corporation applying to continue a reinsurance intermediary - producer license shall submit the following:
1. A properly completed continuation application which has been furnished by the Division of Insurance or its designee.
 2. An affidavit acceptable to the Commissioner setting forth any changes from the information that has been previously filed and has occurred within the past two years concerning the firm, association, or corporation officers, directors and employees. Accompanying the affidavit shall be a sample of the current contract being used, highlighting any changes to the original contract entered into between the reinsurance intermediary - producer and the Colorado domestic ceding insurer.
 3. Any other pertinent information the Commissioner may request.
 4. A nonrefundable fee in the amount of \$200.00.

Section 5. Filing Requirements For Licensure As A Reinsurance Intermediary -- Manager

- A. Any person, firm, association or corporation initially applying to be a reinsurance intermediary - manager must submit the following to the Colorado Division of Insurance:
1. Completed application form prescribed by the Commissioner, which is available upon request.
 2. Completed biographical affidavits prepared on the National Association of Insurance Commissioners (NAIC) form, including full disclosure of any and all past situations that involved legal actions, stipulated settlements, judgments or arbitration. If the applicant is a firm, association or corporation, this information must be furnished for all officers, directors, and employees acting as a reinsurance intermediary - manager any other member, principal, officer, director or controlling party (as defined in § 10-2-902, C.R.S.). Failure to disclose past situations is sufficient cause for revocation of a previously granted license.
 3. Evidence of at least ten years responsible insurance experience acceptable to the Commissioner.
 4. A copy of a current errors & omission (E&O) policy, acceptable to the Commissioner pursuant to the following table:

Prior Calendar Year aggregate Written liability limits	Errors & Omissions Policy Limits
\$0 - 10,000,000	\$1,000,000
\$10,000,000 - 25,000,000	\$2,500,000
\$25,000,000 and above	\$5,000,000

5. A copy of a current fidelity bond acceptable to the Commissioner in an amount at least equal to \$1,000,000 for the benefit of each reinsurer with whom the reinsurance intermediary - manager contracts.
 6. Nonresident applicants must complete a form to designate the Commissioner as agent for service of process, with the form available upon request.
 7. A copy of each contract(s) entered into between the reinsurance intermediary - manager and the reinsurer(s), which involve a Colorado domestic ceding insurer.
 8. Any other pertinent information the Commissioner may request.
 9. A nonrefundable fee in the amount of \$200.00
- B. Ninety (90) days prior to the end of the month a license is due to be continued the Commissioner shall notify the reinsurance intermediary - manager, at the last known address, of the requirements necessary to continue the license. Any person, firm, association or corporation applying to renew a reinsurance intermediary - manager license shall submit the following:
1. A properly completed continuation application which has been furnished by the Division of Insurance or its designee.
 2. An affidavit acceptable to the Commissioner setting forth any changes in the information that has occurred within the past two years concerning the person, firm, association, or corporation officers, directors and employees. This affidavit shall include any changes to the contract entered into between the reinsurance intermediary - manager and the reinsurer that involve a Colorado domestic ceding insurer.

3. Any other pertinent information the Commissioner may request.
4. A nonrefundable fee in the amount of \$200.00.

Section 6. Severability

If any provision of this regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7. Effective Date

The effective date of this regulation is May 1, 2003.

Section 8. History

Originally effective December 31, 1995.

Amended and effective May 1, 2003.

Regulation 1-2-7 Concerning Managing General Agents

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| Section 1 | Authority |
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Section 1 Authority

This regulation is promulgated under the authority of §§ 10-1-109 and 10-2-1008, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to clarify standards and procedures contained in the Managing General Agents Act.

Section 3 Applicability

This regulation shall apply to a managing general agent as defined in § 10-2-1002(2)(a), C.R.S., and to any insurer as defined in § 10-2-1002(1), C.R.S., that contracts with any person, firm, association, or corporation acting in the capacity of a managing general agent (MGA) as that term is defined in § 10-2-1002(2)(a), C.R.S.

Section 4 General Provisions

- A. All persons, firms, associations, or corporations who meet the definition of a managing general agent in § 10-2-1002(2)(a), C.R.S., must be licensed in Colorado as an insurance producer and must have a contract with the insurer(s) for which they are acting as a managing general agent.
- B. Each insurer must notify the Commissioner in writing, on forms acceptable to the Commissioner of Insurance, of those persons, firms, associations or corporations they designate as managing general agents.
- C. Those persons, firms, associations, or corporations meeting the requirements of § 10-2-1002(2)(a), C.R.S., and who adjust or pay claims in excess of \$10,000 shall be considered a managing general agent for the purpose of this regulation.
- D. The amount of the bond required by § 10-2-1003(3), C.R.S., for the protection of the insurer, shall be a minimum of \$100,000 or ten percent (10%) of the managing general agent's total annual written premium nationwide for each insurer for which it acts as an MGA for the prior calendar year, not to exceed \$500,000 for each insurer. The bond shall be kept on file with each insurer with which the managing general agent has a contract.
- E. The contract required by § 10-2-1004, C.R.S., between the MGA and the insurer shall contain a provision that the MGA may use only advertising material pertaining to the business issued by an insurer that has been approved in writing by the insurer in advance of its use.

Section 5 Independent Audit

- A. The insurer shall have on file an independent audited annual financial statement. If the MGA has been in existence for less than one (1) year, the MGA shall file financial statements, certified by an officer of the MGA and prepared in accordance with GAAP, each month during the calendar year.
- B. An audited financial/annual report prepared on a consolidated basis shall include a columnar consolidating or combining worksheet that shall be filed with the report and include the following:
 - 1. amounts shown on the consolidated audited financial report shall be shown on the worksheet, and
 - 2. amounts for each entity shall be stated separately, and
 - 3. explanations of consolidating and eliminating entries shall be included.

Section 6 Annual Filing

All Colorado domiciled insurers contracting with a managing general agent as defined in § 10-2-1002(2)(a), C.R.S., and this regulation shall submit to the Division of Insurance a completed Colorado Managing General Agent questionnaire with its annual statement.

Section 7 Fiduciary Accounting

In order to prevent commingling of funds, the managing general agent shall maintain separate accounts for each insurance company serviced by the managing general agent in accordance with § 10-2-704, C.R.S., and Regulation 1-2-1.

Section 8 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 9 Enforcement

Non compliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 10 Effective Date

This amended regulation shall become effective October 1, 2012

Section 11 History

Originally effective June 1, 1994

Amended and effective April 1, 2000

Amended effective May 1, 2003

Amended effective October 1, 2012

Regulation 1-2-9 FEES CHARGED BY PRODUCERS

Section 1 Authority

Section 2 Scope and Purpose

Section 3 Applicability

Section 4 Definitions

Section 5 Prohibited Fees

Section 6 Fees Allowed

Section 7 Severability

Section 8 Enforcement

Section 9 Effective Date

Section 10 History

Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of § 10-1-109, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to implement rules prohibiting producers from charging certain fees for which they are already compensated through commissions and to clarify which fees may be charged.

Section 3 Applicability

This regulation shall apply to all insurance producers and insurance agencies over whom the Division of Insurance has authority, with the exception of public adjusters and public adjuster agencies. This regulation does not apply to the sale, solicitation, and negotiation of bail bonds.

Section 4 Definitions

- A. "Insurance producer" or "producer", shall have the same meaning as found at § 10-2-103(6), C.R.S., with the exception that for the purposes of this regulation it does not include § 10-2-103(6)(b), C.R.S.
- B. "Insurer" shall have the same meaning as found at § 10-2-103(6.5), C.R.S.
- C. "Person" shall have the same meaning as found at § 10-2-103(8), C.R.S.
- D. "Wholesale intermediary" means, for the purposes of this regulation, a person or organization that deals directly with a licensed retail producer and not with a consumer.

Section 5 Prohibited Fees

- A. General.
 - 1. Agreements between the insurer and insurance producers must include a commission schedule which lists the producer's compensation for soliciting and acquiring insurance business.
 - 2. Insurers subsequently include these commissions and/or other acquisition expenses in their comprehensive rate filings and must justify these expenses.
 - 3. If insurance producers charge a separate fee in addition to those included as commissions in the insurers' rate filings, then premiums could be considered excessive.
- B. Insurance producers are prohibited from charging separate fees in addition to those contemplated in the rate filing and included in their commissions for the solicitation and procurement of insurance products or for servicing existing insurance policies. These services may include, but are not limited to:
 - 1. Inspections;
 - 2. Quoting premiums;
 - 3. Issuing or signing policies;
 - 4. Examining and mailing policies, applications and daily reports;
 - 5. Compiling figures for accounts current and mailing billing notices;

6. Correspondence and other bookkeeping and clerical work;
 7. Issuing certificates of insurance and endorsements;
 8. Issuing proof of insurance cards and notices (SR-22's);
 9. Making copies of insurance documents; and
 10. Taking loss information.
- C. Insurance producers are also prohibited from charging fees for purchasing new computer equipment, extending business hours, adding new sales facilities, or other overhead expenses associated with the solicitation or procurement of insurance products or the servicing of existing insurance policies.
- D. Insurance producers may not condition the placement of insurance upon the provision of other services for which fees may be charged.
- E. The prohibitions in this Section 5 shall not apply to insurance wholesale intermediaries.

Section 6 Fees Allowed

- A. Insurance producers may charge fees for specific services which are beyond the scope of services pertaining to acquiring and/or maintaining specific insurance policies, including, but not necessarily limited to, risk management services, financial planning, investment counseling, qualified retirement plan design or administration, estate planning, third party employee benefit plans, or any other service for which the insurance producer does not receive a commission from an insurance company. Such fees may be charged only under the following circumstances:
1. When a person signs a disclosure statement in advance of the performance of the specific services, which states that the person is under no obligation to purchase any insurance product through the insurance producer in exchange for receiving the specific services. This requirement may be met by including the disclosure language in any disclosure statement required by federal or state securities law.
 2. In those cases where it is clear from the outset that no insurance product sale related to the specific services rendered will occur through the insurance producer.
- B. The insurance producer must maintain records, and shall retain a copy of the disclosure statement, required in Section 6.A.1. of this regulation, for not less than three (3) years after completion of services. A copy shall be provided to the commissioner upon request.
- C. Insurance wholesale intermediaries must advise the insurance producer, in writing, that "the cost of the insurance coverage provided herein includes a fee to a wholesale intermediary in addition to the premium charges."
- D. Section 6 does not apply to the sale, solicitation, and negotiation of title insurance.

Section 7 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 8 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 9 Effective Date

This regulation shall become effective on May 1, 2014.

Section 10 History

New regulation effective June 1, 1994.

Amended regulation effective September 1, 2003.

Repealed and repromulgated regulation effective May 1, 2014.

Regulation 1-2-10 CONCERNING THE REGULATION OF INSURANCE PRODUCERS, INCLUDING PUBLIC ADJUSTERS, AND AUTHORIZED INSURERS BY THE COLORADO DIVISION OF INSURANCE

- Section 1 Authority
- Section 2 Scope and Purpose
- Section 3 Applicability
- Section 4 Definitions
- Section 5 License Examination
- Section 6 Insurance Producer License
- Section 7 List of Contractually Authorized Producers
- Section 8 Designation of Responsible Producer and Agency Registration of Producers
- Section 9 Producer Registration of Assumed (Trade) Name
- Section 10 Insurer Reporting Requirements Concerning Termination of Insurance Producer by an Insurer for Cause
- Section 11 Producer Reporting Requirements for Administrative and Criminal Prosecutions
- Section 12 Fees
- Section 13 Severability
- Section 14 Enforcement
- Section 15 Effective Date
- Section 16 History

Section 1 Authority

This regulation is promulgated, and adopted by the Commissioner of Insurance, under the authority of §§ 10-1-109, 10-2-104, 10-2-407, 10-2-413, 10-2-417 and 10-16-414, C.R.S.

Section 2 Scope and Purpose

This regulation sets forth the terms and conditions for licensing insurance producers, including public adjusters, and regulates certain requirements of insurers, agencies, producers and entities acting as public adjusters. This regulation also establishes the fees required by §10-2-413, C.R.S.

Nothing in this regulation shall change or modify any provisions of a Colorado motor vehicle insurance plan as may be adopted by the Commissioner under the authority of §10-4-412, C.R.S.

Section 3 Applicability

This regulation shall apply to all resident and nonresident producers, including public adjusters, business entities acting as public adjusters, agencies, and insurers licensed and authorized to conduct insurance business in the state of Colorado.

Section 4 Definitions

- A. "Credit" means credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance, or any form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation and is designated by the Commissioner as limited line credit insurance.
- B. "Crop insurance" is insurance providing protection against damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease or other yield-reducing conditions or periods provided by the private insurance market, or that is subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance.
- C. "Division" shall mean the Colorado Division of Insurance.
- D. "Insurance agency" or "business entity" shall have the same meaning as defined in §10-2-103(5), C.R.S.
- E. "Insurance producer" or "producer", shall have the same meaning as defined in §10-2-103(6), C.R.S.
- F. "Insurer" for the purpose of this regulation, shall have the same meaning as § 10-1-202(6), C.R.S., and shall include Health Maintenance Organizations (HMO) and nonprofit hospital, medical-surgical, and health service corporations.
- G. "License" for the purpose of this regulation, shall mean any type of license regulated by the Colorado Division of Insurance.
- H. "Person" shall have the same meaning as defined in §10-2-103(8), C.R.S.
- I. "Public adjuster" shall have the same meaning as defined in 10-2-103(8.5), C.R.S.
- J. "Travel" means insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability, and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.

Section 5 License Examination

- A. Applicants shall pass the examination as approved by the Commissioner for each license type and authority that is subject to an examination requirement. Procedures for registering for the examination shall be published in the Candidate Handbook available from the test administrator or the Division, 1560 Broadway, Suite 850, Denver, Colorado 80202. The candidate shall pay a fee to the test administrator for administering the examination, plus the license fee shown in Section 13 of this regulation.
- B. Nonresident producers may not be subject to examination pursuant to §10-2-403, C.R.S.
- C. Resident producers applying for, renewing, or continuing the Variable Life and Variable Annuity Products line of authority, in addition to holding the life authority, must furnish evidence that they have passed the test to be registered and are currently registered with a Financial Industry Regulatory Authority (FINRA) member firm, broker or dealer with a FINRA membership. Nonresident producers applying for, renewing or continuing the Variable Life and Variable Annuity Producers line of authority must meet the requirements of their resident state and have a current registration with a FINRA member firm, broker or dealer with a FINRA membership.

Section 6 Insurance Producer, including Public Adjuster, License

- A. Initial Application
 - 1. Each applicant for a license shall make application for the license on a form prescribed by the Commissioner and pay the fee specified in Section 13. Procedures for filing the application for license shall be outlined in the Candidate Handbook. The Commissioner will verify that the individual is a resident of Colorado and has complied with the requirements in §10-2-404, C.R.S., or is a resident of another state and has met the requirements in §10-2-502, C.R.S. Approval of an application does not imply that the applicant has met the requirements of §10-2-404 or §10-2-502, C.R.S. If it is later determined that an applicant has failed to meet the requirements in §10-2-404 or §10-2-502, C.R.S., it will be considered grounds for discipline.
 - 2. The requirements for a nonresident applicant with a valid license from his or her home state will be waived, except as specified in § 10-2-502, C.R.S., if the applicant's home state awards licenses to residents of Colorado on the same basis.
 - 3. Any person holding a Colorado resident or nonresident surplus lines license, or the equivalent issued by another state or territory that offers Colorado surplus lines producers a nonresident license on a reciprocal basis, can be licensed as a surplus lines producer so long as the resident producer conducts business in accordance with the provisions of Colorado's statutes and the resident or nonresident surplus lines producer promptly remits the taxes required by §10-5-111, C.R.S.
 - 4. All initial applications must be complete, including pre-licensing education classes taken, appropriate tests passed for the applied lines of authority, all questions answered truthfully and completely, supporting information provided, and the appropriate fees paid in full.
- B. Continuation of Producer License

1. Insurance producer licenses shall be perpetual licenses that are subject to payment of a continuation fee by the last day of the producer's birth month during the second year after issuance of the license and then by the last day of the producer's birth month every other year thereafter. Ninety (90) days prior to the month the license is due to be continued, the Commissioner will notify the producer of the procedure to electronically continue his or her license, including how to check his or her continuing education completions. Notification will be made via US mail to the last known address on file or electronically to the email address on file with the Commissioner.
2. An insurance producer license issued on or before January 1, 2002 for health maintenance organizations (HMO) or nonprofit (NP) may be renewed or continued until the licensee fails to meet the continuation requirements. No new licenses for these lines of authority will be issued after January 1, 2002, pursuant to § 10-2-402(11), C.R.S.
3. Continuation of Authority. The producer is responsible for paying the continuation fee associated with the authority. All terms and conditions of the license and appointment shall be the same as other licenses and appointments. If the insurance producer fails to meet these continuation requirements, his or her license shall be cancelled. He or she will have the opportunity to reinstate his or her license within one (1) year after cancellation. If the producer fails to reinstate his or her license during that time period, the producer will be required to obtain the major authority line of accident and health. No new license will be issued for HMO or nonprofit.

C. Reinstatement Due To Failure to Continue License

1. Producers who fail to continue/renew their license by the expiration date will be required to reinstate their license by submitting a new application and the initial application fees. Access to continuation applications will be denied after the expiration date, and the producer must then apply for reinstatement of the license using an electronic application prescribed by the Commissioner and payment of the initial license fee specified in Section 13.
2. The producer may reinstate the license within one year from the expiration date of the license following the non-continuance. Failure to reinstate the license within that year will result in the additional requirement of completing a new pre-licensing education course (if required for the license type or line of authority) and re-examination for the license type or authorities being applied for.

D. Amending Licenses

1. Lines of Authority
 - a. A producer may add to line(s) of authority shown on the license by completing the minimum requirements necessary for the additional authorities and by submitting documentation on a form prescribed by the Commissioner along with the payment of the appropriate fee specified in Section 13. The procedures for meeting the minimum qualifications are outlined in the Candidate Handbook available from the test administrator or the Division. Adding a line or lines of authority to an existing license does not extend or otherwise modify the existing expiration date.
 - b. A producer may delete lines of authority by completing the forms prescribed by the Commissioner and returning the license for amendment.
2. All Other Changes

Any request for change to the permanent license must be submitted in writing to the Commissioner or his or her designee.

E. Letter of Certification

1. A producer may request a letter of certification electronically, by using the Division's vendor's electronic system.
2. If a letter of certification from another state for a nonresident license in Colorado is submitted, it must be dated no more than ninety (90) days prior to the date of receipt by the Division or the Division's authorized vendor.
3. The Commissioner may verify the producer's licensing status through the producer database maintained by the National Association of Insurance Commissioners.

F. Letter of Clearance

1. A producer may request a letter of clearance by submitting a written request to the Commissioner or his or her designee. Prior to issuance of the letter of clearance, the producer must surrender the license for cancellation. Surrender of the license shall be effectuated through a written request to the Division or the Division's licensing vendor. The written request shall specify that the license is surrendered for cancellation and must contain an attestation that all paper copies or print outs of the license have been destroyed.
2. A producer moving to Colorado from another state must provide a letter of clearance from the previous state if the license has been expired for less than one (1) year, and must make application within ninety (90) days of the cancellation of his or her previous license. Failure to make application within ninety (90) days of the cancellation of his or her previous license will require the producer to complete a new pre-licensing education course, and take and pass the Colorado exam for the license type or lines of authority for which he or she is applying.

G. Temporary License

The Commissioner may issue a temporary license to an individual or agency under special circumstances as outlined in §10-2-410, C.R.S. Any request for a temporary license shall be in writing and sent to the attention of the licensing section at the Division.

Section 7 List of Contractually Authorized Producers

Insurers are reminded that they must comply with the provisions of § 10-2-416.5 and 10-16-414 C.R.S., which requires them to maintain a current list of producers contractually authorized to accept applications on behalf of the insurer. Additionally, bail bond insurers must comply with § 10-2-415.5 and 10-2-415.7, C.R.S., and Division of Insurance Regulation 1-2-16.

Section 8 Designation of Responsible Producer, Responsible Public Adjuster and Agency Registration of Producers

- A. Pursuant to §10-2-404(2) (a) through (f), C.R.S., each agency must designate and register the following:
1. Responsible Producer - Each insurance agency must designate and register a licensed producer who is an officer, partner, or director and who will be responsible for the insurance agency's or business entity's compliance with the laws and rules of Colorado.

2. All Licensed Officers, Directors, Partners, or Owners - Each insurance agency is also required to register each person who, as an officer, director, partner, owner, or member of the agency or business entity is acting and is licensed as an insurance producer. In addition, agencies are also required to disclose all officers, partners, and directors, whether or not they are licensed as insurance producers.
 3. Registration of Producer for Each Line of Authority Held by the Agency - Each insurance agency or business entity must register at least one (1) individual who holds a valid insurance producer license for the line or lines of authority for which the insurance agency or business entity is licensed.
 4. Employees – Insurance agencies must also register with the Division the name of each employee that is acting as and is licensed as an insurance producer with the agency.
- B. Pursuant to §10-2-417(1)(c), C.R.S., a business entity acting as a public adjuster must be licensed and must designate a licensed public adjuster who is responsible for the business entity's compliance with the insurance laws and rules of Colorado.
- C. The insurance agency or business entity shall, within ten (10) days, notify the Commissioner of any change relative to the insurance agency or business entity name, officers, directors, partners, or owners; to report a merger; or that the insurance agency or business entity has ceased doing business in Colorado. The procedures for reporting this information shall be included in the Candidate Handbook.

Section 9 Producer Registration of Assumed (Trade) Name

Each producer shall register with the Commissioner in writing the use of any assumed or fictitious name under which the producer conducts business prior to using the assumed name. The Commissioner will not accept registration of any name that is similar or identical to the name of any producer whose license was suspended or revoked. Producers are reminded that they must provide written notice to the Commissioner of any change in or discontinuance of the use of any name.

Section 10 Insurer Reporting Requirements Concerning Termination of Insurance Producer by an Insurer for Cause

- A. Section 10-2-416, C.R.S. imposes penalties including revocation of the certificate of authority if:
1. The insurer or authorized representative of the insurer terminates employment, a contract, or other insurance business relationship with a producer if the reason for termination is one of the reasons set forth in Article 2 or Article 3 of Title 10 and fails to notify the Division within thirty (30) days following the effective date of the termination; or
 2. The insurer has knowledge the producer was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the activities in Article 2 or Article 3 of Title 10, C.R.S. Please see §10-2-416, C.R.S., for the duties and ongoing notification requirements of the insurer.
- B. The information required to be reported to the Commissioner may be communicated by letter, addressed to the Investigations Section of the Division. In the caption section of the letter refer to "Section 10-2-416, C.R.S. NOTIFICATION." Also include in the letter the date of termination, the name of the producer, the reason for termination and any documents that were used to support the action.

- C. For notifications involving information the insurer has regarding knowledge the producer was found by a court, government body, or self-regulatory organization authorized by law to have engaged in any of the prohibited activities in Article 2 or Article 3 of Title 10, C.R.S., the insurer shall provide any documents or information pertaining to those activities.

Section 11 Producer Reporting Requirements for Administrative and Criminal Prosecutions

- A. Pursuant to §10-2-801(3) and (4), C.R.S., it is the responsibility of the producer or business entity to report to the Commissioner any administrative action taken in another jurisdiction or by another governmental agency in this state within thirty (30) days after the final disposition of the matter. This report must include a copy of the order, consent to order, or other relevant documents.
- B. In the event of criminal prosecution in any jurisdiction, the producer or business entity must report this to the Commissioner within thirty (30) days after the initial pre-trial hearing. The report to the Commissioner must include a copy of the initial complaint, the order resulting from the hearing, and any other relevant documents.

Section 12 Fees

Standard fees for producers shall be as follows:

License Examination Fee	\$73.00 per examination
Resident License (Initial and Reinstatement)	\$71.00 per authority applied for on one application
Nonresident License (Initial and Reinstatement)	\$112.00 per authority applied for on one application
Surplus Lines Producer (Initial and Renewal)	.
Resident	\$288.00
Nonresident	\$428.00
Resident Continuation	\$32.00 per authority
Nonresident Continuation	\$60.00 per authority

All fees paid pursuant to this regulation are non-refundable. Fees are payable by electronic cash or credit card. If fees are paid electronically, and the check is refused by the bank for any reason or the credit card is declined for any reason, the producer's license will not be valid.

Section 13 Severability

If any provision of this regulation or the application to any person or circumstance is for any reason held to be invalid, the remainder of the Regulation shall not be affected.

Section 14 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 15 Effective Date

This regulation shall be effective January 1, 2014.

Section 16 History

Original Regulation 1-2-10, effective January 1, 1995.

Emergency Regulation 96-E-2, effective July 1, 1996.

Emergency Regulation 96 E 3, effective September 29, 1996.

Amended Regulation 1-2-10, effective December 30, 1996.

Amended Regulation 1-2-10, effective November 11, 1997.

Amended Regulation 1-2-10, effective January 1, 2000.

Amended Regulation 1-2-10, effective January 1, 2001.

Emergency Regulation 1-2-10, effective January 1, 2002.

Amended Regulation 1-2-10, effective April 1, 2002.

Amended Regulation 1-2-10, effective February 1, 2003.

Amended Emergency Regulation 05-E-2, effective June 1, 2005.

Amended Regulation 1-2-10, effective December 1, 2005.

Amended Regulation 1-2-10, effective July 1, 2008.

Amended Regulation 1-2-10, effective February 1, 2009.

Amended Regulation 1-2-10, effective July 1, 2009

Amended Regulation 1-2-10, effective January 1, 2010

Emergency Regulation 12-E-02, effective July 1, 2012

Amended Regulation 1-2-10, effective October 15, 2012.

Amended Regulation 1-2-10, effective January 1, 2014

**Regulation 1-2-11 STANDARDS AND APPROVAL FOR REQUIRED EDUCATION COURSES
FOR PRODUCERS TO BE APPOINTED BY A BAIL INSURANCE COMPANY**

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	Prelicensure Education Requirements
Section 6	Course Approval
Section 7	Proof of Satisfactory Completion
Section 8	Provider Records
Section 9	Compliance

Section 10	Severability
Section 11	Enforcement
Section 12	Further Information and Submittals
Section 13	Effective Date
Section 14	History

Section 1 Authority

This regulation is promulgated under the authority of § § 10-1-109, and 10-2-104, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to specify the requirements, procedures and standards necessary to implement the education requirements mandated by § 10-2-415.5(2)(c), C.R.S. including the certification and filing of courses in bail recovery pursuant to § 10-2-415.5(2)(c)(I)(B), C.R.S which comply with the Peace Officer Standards and Training Board (P.O.S.T.) curriculum established by P.O.S.T. pursuant to § 24-31-303(1)(h), C.R.S.

Section 3 Applicability

The requirements and provisions of this regulation apply to bail insurance companies, insurance producers attempting to obtain appointments with bail insurance companies and course providers.

Section 4 Definitions

- A. "Course" means an education class designed to satisfy the hourly requirements for one or more of the required areas listed in Section 5 below.
- B. "Division" means the Colorado Division of Insurance.
- C. "Provider" means the person or entity primarily responsible for conducting the course and maintaining records of successful course completion. A provider may be an individual, organization, or insurance company.

Section 5 Education Requirements

Section 10-2-415.5, C.R.S. specifies that that an insurance producer must complete certain required education prior to obtaining an appointment with a bail insurance company. The education required is as follows:

- A. Eight clock hours regarding bail bonding which shall consist of:
 - 1. Two hours on the criminal court system;
 - 2. Two hours on bail bond industry ethics; and
 - 3. Four hours on bail bond laws; and
- B. Sixteen clock hours of training in bail recovery practices.

This required education is in addition to and does not substitute for or otherwise reduce the ongoing continuing education required by § 10-2-301, C.R.S.

Section 6 Course Approval

- A. Prior to being offered or advertised, a course that fulfills all or a portion of the eight clock hours described in Section 5.A. must be approved by the Division. Any change in the course must be approved by the Division prior to being implemented. Course approval requests must be accompanied by the following:
 - 1. A course outline showing individual topic(s) to be covered and hours to be satisfied. The course outline must include and demonstrate the following:
 - a. All topics listed in Division Bulletin B-1.4 must be covered in the applicable course materials.
 - b. The course outline must show the page and paragraph where the required information is located on the submitted course. If the course is web-based or otherwise electronically transmitted then the outline must identify the slide or screen number or other distinguishable location where the information is located, as applicable.
 - c. The hours requested for the course must be substantiated by a word count, screen count or other quantifiable method.
 - 2. Copies of all proposed study materials.
 - 3. Instructor qualifications. Instructors must meet one or more of the following qualifications: demonstrated competence in the subject area; a professional insurance designation; or academic qualifications (by a specific degree related to the criminal justice system, insurance or instructing or teaching).
 - 4. Method of measuring satisfactory completion; and
 - 5. The appropriate course fee and the course submittal document. Once approved, a course may be offered for three years without additional notice to the Division so long as the course content is not materially changed, except to reflect changes in the criminal and insurance laws.
- B. Education courses may consist either of classroom study or self-study (including online courses). Evaluation of any proposed course shall be based upon the substance of the course and not its method of delivery. During the consideration of approval for a self-study course, the Division will take into account the specific method used to verify that a student satisfactorily completed the course. One of the following methods shall be used in measuring satisfactory completion of a course:
 - 1. Self-Study courses must have a final examination that is monitored by a disinterested third party. Final examination is a closed book examination taken and passed by an individual without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the individual, his immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.

2. Classroom courses must contain a final examination that is monitored by a qualified instructor from the providing organization. Final examination is a closed book examination taken and passed by an individual without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the individual, his immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.
- C. Prior to being offered or advertised, a course that fulfills the sixteen clock hours described in Section 5.B. must be certified by the Provider as complying with the requirements of P.O.S.T. and filed with the Division for listing as an approved course. Course approval requests must be accompanied by the following:
1. The original certification form found in Division Bulletin B-1.4. This form must be signed by the Provider; and
 2. The appropriate course fee.

Section 7 Proof of Satisfactory Completion

- A. Proof of satisfactory completion shall be issued by the approved Provider to each person satisfactorily completing a course within seven (7) days of course completion.
- B. The certificate of completion shall contain the student's full name, residential address, name of the approved course, beginning date, date of completion, name of the approved Provider, the original or electronic signature of the instructor and any other information that the Division deems necessary.

Section 8 Provider Records

- A. Providers must maintain adequate records to verify the attendance and successful course completion for all students enrolled in a course.
- B. Attendance and completion records must be retained for a five-year period following the date of completion of the course. These records must be available for audit by the Division.

Section 9 Compliance

The Division or its designee may conduct audits of producers, course providers, or qualified instructors to verify that the approved courses are administered as filed with the Division and to determine compliance with § 10-2-415.5, C.R.S., and this regulation.

Noncompliance with this regulation or the applicable provisions of Title 10 by persons conducting approved courses may result in termination of course approval.

Section 10 Severability

If any provision of this Regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation shall not be affected thereby.

Section 11 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 12 Further Information and Submittals

Any submittals or questions should be directed to:

Compliance/Investigations Section

Colorado Division of Insurance

1560 Broadway, Suite 850

Denver, Colorado 80202

303-894-7499

Section 13 Effective Date

This amended regulation shall become effective October 15, 2012.

Section 14 History

Original Regulation 1-2-11, Effective August 30, 1995.

Emergency Regulation 96-E-1, Effective July 1, 1996.

Amended Regulation 1-2-11, Effective October 1, 1996.

Emergency Regulation 99-E-1, Effective January 1, 1999.

Amended Regulation 1-2-11, Effective March 31, 1999.

Amended Regulation 1-2-11, Effective November 1, 1999.

Amended Regulation 1-2-11, Effective March 31, 2007.

Amended Regulation 1-2-11, Effective February 1, 2009.

Emergency Regulation 12-E-04, Effective July 1, 2012.

Repealed and Repromulgated Regulation 1-2-11, Effective October 15, 2012.

Regulation 1-2-12 CONCERNING PUBLIC INSURANCE ADJUSTERS [Repealed eff. 01/15/2014]

Regulation 1-2-13 CASH-BONDING AGENT AND PROFESSIONAL CASH-BAIL AGENT PROVISIONS FOR RELEASE OF QUALIFICATION BOND

Section 1 Authority

Section 2 Scope and Purpose

Section 3 Applicability

Section 4 Definitions

Section 5 Procedures for Release of Qualification Bond

Section 6	Severability
Section 7	Enforcement
Section 8	Effective Date
Section 9	History

Section 1 Authority

This regulation is promulgated and adopted by the Commissioner under the authority of § 10-1-109, C.R.S.

Section 2 Scope and Purpose

Pursuant to § 12-7-103, C.R.S. as effective until July 1, 2012, Cash-Bonding Agents and Professional Cash-Bail Agents were required to post a cash qualification bond in the amount of \$50,000 to secure payment of defaulted bonds and to pay any final, non-appealable judgment for failure to return collateral, including costs and attorney's fees, if awarded. This regulation sets forth the terms and conditions for release of the qualification bond for those Cash-Bonding Agents and Professional Cash-Bail Agents whose license expired, was cancelled, surrendered, revoked other otherwise inactivated prior to July 1, 2012.

Section 3 Applicability

This regulation shall apply to any individual formerly licensed as a Cash-Bonding Agent or a Professional Cash-Bail Agent whose license expired, was cancelled, surrendered, revoked or otherwise inactivated prior to July 1, 2012, who is not registered with the Division as a Cash-Bonding Agent or a Professional Cash-Bail Agent under Article 23 of Title 10, C.R.S. which is effective on July 1, 2012, and who seeks the release of their qualification bond.

Section 4 Definitions

- A. "Commissioner" means the office of the Commissioner of Insurance as established in § 10-1-104(1), C.R.S. Reference to the Commissioner in this Regulation means any past, present, or future Commissioner who holds said office.
- B. "Division" means the Colorado Division of Insurance.
- C. "Inactivation date" means the date that the Cash-Bonding Agent or a Professional Cash-Bail Agent license was cancelled, surrendered, revoked other otherwise inactivated.
- D. "Licensee" means a person licensed under Article 7 of Title 12 as a Cash-Bonding Agent or a Professional Cash-Bail Agent
- E. "Qualification bond" means the bond required by § 12-7-102, C.R.S. as effective until July 1, 2012.

Section 5 Procedures for Release of the Qualification Bond

The Division will consider release of the Qualification bond in the following situations:

- 1. On or after the seventh anniversary of the inactivation date of the license of the Cash-Bonding Agent or a Professional Cash-Bail Agent.

2. Upon request of the heir of a deceased Licensee: The Division will release the bond upon the later of the date on which any liability covered by the bond is satisfied or the third anniversary of the death of the Licensee.
 - a. If three years have elapsed since the date of the death of the Licensee then the heir must provide the following:
 - (1) A copy of the Licensee's death certificate; and
 - (2) A written request for release of the bond including the name and address of the appropriate heir to receive a copy of the order releasing the bond.
 - b. If the heir has requested release prior to the third anniversary of the Licensee's death, then the heir must provide the following information at the time the request for release is filed:
 - (1) A copy of the Licensee's death certificate;
 - (2) A list of every Colorado municipal court in which the Licensee posted bail bonds;
 - (3) An original affidavit by each court clerk for the municipal courts listed in (2) above and by the Denver County court clerk that attests that there exists no bail bond liability in said court for the Licensee;
 - (4) An affidavit stating that all collateral, including deeds of trust, held by the Licensee have been released or that the estate disclaims any interest in collateral, including deeds of trust, taken by the Licensee during the course of their business as a Cash-Bonding Agent or Professional Cash-Bail Agent.
3. Upon request of a former Licensee within the seven year period specified in paragraph 1 of this Section 5 if:
 - a. The request for release is in writing and signed and notarized by the Licensee;
 - b. The request for release includes the date the Licensee's registration was no longer effective;
 - c. The request for release includes a list of every Colorado municipal court in which the Licensee posted bail bonds;
 - d. The request for release has attached an original affidavit by each court clerk for the municipal courts listed in (3) above and by the Denver County court clerk that attests that there exists no bail bond liability in said court for the Licensee; and
 - e. The request for release has attached an original affidavit by the Licensee that all collateral taken as security on a bail bond has been returned or released.
4. The Division will conduct an investigation upon receipt of a request for release that contains all of the required information in paragraphs 2 or 3 above. This investigation may involve, but is not limited to, verifying the information in the request, requesting additional information from the Licensee and verifying information with any Colorado courts.

5. Upon completion of the Division's investigation, the Division will send the Licensee a settlement agreement, in which the Licensee agrees that if any bail bond liability continues to exist notwithstanding the execution of the affidavits, that the Licensee will be liable and satisfy any such bail bond liability should it arise. The settlement agreement will also require the Licensee to attest that all collateral that had been taken for any and all bonds posted under the qualification bond to which the Licensee seeks to release, has been returned to all rightful defendants or third party indemnitor(s) unless rightfully used pursuant to § 12-7-108(10)(a) and (b), C.R.S.
6. Upon receipt of the signed settlement agreement, and upon confirmation that all such other procedures have been satisfied, the Commissioner, in his or her sole discretion, may order a release on the hold of the qualification bond.

Section 6 Severability

If any provision of this regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 8 Effective Date

This regulation shall become effective October 15, 2012.

Section 9 History

Original Regulation 1-2-10, effective January 1, 1995

Emergency Regulation 96-E-2, effective July 1, 1996

Emergency Regulation 96 E 3, effective September 29, 1996

Amended Regulation 1-2-10, effective December 30, 1996

Amended Regulation 1-2-10, effective November 11, 1997

Amended Regulation 1-2-10, effective January 1, 2000

Amended Regulation 1-2-10, effective January 1, 2001

Emergency Regulation 1-2-10, effective January 1, 2002

Amended Regulation 1-2-10, effective April 1, 2002

Amended Regulation 1-2-10, effective February 1, 2003

Amended Emergency Regulation 05-E-2, effective June 1, 2005

Amended Regulation 1-2-10, effective December 1, 2005

Amended Regulation 1-2-10, effective July 1, 2008

Amended Regulation 1-2-10, effective February 1, 2009

Amended Regulation 1-2-10, effective July 1, 2009

Amended Regulation 1-2-10, effective January 1, 2010

Emergency Regulation 12-E-10, effective July 1, 2012

Repealed and Repromulgated Regulation, effective October 15, 2012

**Regulation 1-2-14 CONCERNING RECORD KEEPING AND REPORTING REQUIREMENTS FOR
INSURANCE PRODUCERS AUTHORIZED TO WRITE BAIL BONDS, AND THE FORMAT OF
THE REQUIRED DISCLOSURE STATEMENT**

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	Rules
Section 6	Incorporation by Reference
Section 7	Severability
Section 8	Enforcement
Section 9	Effective Date
Section 10	History

Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of § § 10-1-109, 10-2-104, and 10-2-705, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to establish the requirements to file the annual report required by § 10-2-415.6, C.R.S.; set forth the format of the Disclosure Form required by § 10-2-705(2), C.R.S.; and describe additional documents that must be retained by insurance producers pursuant to § 10-2-705(5), C.R.S.

Section 3 Applicability

This regulation shall apply to insurance producers who are authorized to write bail bonds in the state of Colorado.

Section 4 Definitions

As used in this regulation, and unless the context requires otherwise:

- A. "Bail insurance company" shall have the same meaning as defined in § 10-1-102(3.5), C.R.S.

- B. "Disclosure Statement" means the form contained in Appendix A of this regulation.
- C. "Division" means the Colorado Division of Insurance.
- D. "Reporting Year" means the period of time from July 1 through June 30 of the following year. For example, July 1, 2012 through June 30, 2013.
- E. "Transaction" a bail transaction occurs at the earliest of the issuance or execution of any of the documents listed in § 10-2-705, C.R.S., the payment of premium or the taking of collateral.

Section 5 Rules

A. Annual Report

- 1. The annual report required by § 10-2-415.6, C.R.S. must be filed in the format and manner set forth in Bulletin B-1.28. The Division will not accept filings in any other format or manner.
- 2. The annual report must be filed by October 1st of the calendar year following the conclusion of the Reporting Year. For example, if the Reporting Year is July 1, 2012 through June 30, 2013 then the annual report is due by October 1, 2013.
- 3. A report must be filed by every insurance producer who was at any time during the Reporting Year appointed by a bail insurance company. The report must be filed regardless of the producer's license status on the due date, or appointment status on the due date or whether the producer wrote any bail bond business during the Reporting Year.

B. Disclosure Statement

- 1. The Disclosure Statement must not be altered and must be issued in the format contained in Appendix A.
- 2. The Disclosure Statement must be signed and dated by the producer and the defendant or third party indemnitor.
- 3. A Disclosure Statement must be provided to each defendant who provides consideration, pays premium or pledges collateral and to each third party indemnitor who provides consideration, pays premium or pledges collateral.

C. Records Required to be Maintained

- 1. Section 10-2-705(5), C.R.S., requires that certain records be maintained by the insurance producer who posts the bail bond with the court. The following records must also be maintained by the insurance producer who posts the bail bond with the court:
 - a. Copies of all documents related to the bail transaction.
 - b. Copies of all voided documents related to the bail transaction regardless of the reason for the document being voided.
 - c. Copies of all documents related to a bail bond that is voided or cancelled by the court.
- 2. Documents must be maintained for three years after the later of:

- a. The date of discharge of the bail bond and return of any collateral;
 - b. Proof of notice to the defendant or indemnitor that any promissory note has been satisfied; or
 - c. The date the bail bond was voided or cancelled by the court.
3. If a bond was never posted with the court then all documents related to the transaction must be maintained for three years from the date the documents were prepared and must be maintained by the insurance producer that signed the document.

Section 6 Incorporation by Reference

"Bulletin B-1.28" shall mean Division of Insurance Bulletin number B-1.28 as published on the effective date of this regulation and does not include later amendments to or editions of Bulletin B-1.28. A copy of Bulletin B-1.28 may be examined during regular business hours at the Colorado Division of Insurance, 1560 Broadway, Suite 850, Denver, Colorado 80202 or by visiting the Division of Insurance's website at: <http://cdn.colorado.gov/cs/Satellite?blobcol=urldata&blobheadname1=Content-Disposition&blobheadname2=Content-Type&blobheadvalue1=inline%3B+filename%3D%22B-1.28+Annual+Reporting+Requirements+and+Format+for+Insurance+Producers+Authorized+to+Write+Bail+Bonds.pdf%22&blobheadvalue2=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251876035476&ssbinary=true>.

A Certified copy of Bulletin B-1.28 may be requested from the Colorado Division of Insurance for a fee.

Section 7 Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of the regulation shall not be affected.

Section 8 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 9 Effective Date

This regulation is effective February 1, 2014.

Section 10 History

Originally issued as Emergency Regulation 04-E-6, effective July 1, 2004.

Emergency Regulation 04-E-8, effective July 23, 2004.

Emergency Regulation 04-E-11, effective October 21, 2004.

Regulation 1-2-14, effective December 1, 2004.

Regulation 1-2-14, effective November 1, 2009.

Emergency Regulation 12-E-05, effective July 1, 2012.

Repealed and Repromulgated Regulation 1-2-14, effective October 15, 2012.

Amended Regulation 1-2-14, effective February 1, 2014.

APPENDIX A DISCLOSURE STATEMENT

APPENDIX A DISCLOSURE STATEMENT

(PREPRINTED or STAMPED NAME OF THE INSURANCE PRODUCER WHO POSTED THE BOND WITH THE COURT)
(PHYSICAL ADDRESS AND PHONE NUMBER OF THE PRODUCER WHO POSTED THE BOND WITH THE COURT FOR DELIVERY OF THE BOND DISCHARGE)

Bail Insurance Company Name and Address: _____
Phone number of Bail Insurance Company: _____
POA # from Bail Insurance Company (if available): _____

Name of the Defendant: _____
Case No. or Arrest No.: _____
Amount of Bail: _____
Amount of Premium Charged: _____
Name of Third Party Indemnitor: _____
Amount of Collateral: _____
Detailed Description of Collateral: _____
Court and County in which the bond is executed: _____

RE: COLLATERAL

Pursuant to § 18-13-130, C.R.S., your insurance producer or bail insurance company must return any nonforfeited collateral to you within fourteen (14) days of receiving a copy of the court order that results in the release of the bond by the court. In order to begin this process, you may deliver a copy of the court order resulting in a release of the bond by the court to the insurance producer who posted the bond with the court or the bail insurance company. Pursuant to § 10-2-705(3.5)(d), C.R.S., your reconveyance of title, certificate of discharge, or a full release of any lien shall be provided within 35 days after receiving notice that the time for appealing an order that exonerated the bail bond has expired.

Insurance producers are regulated by the Colorado Division of Insurance. TO ENSURE THE PROMPT RETURN OF YOUR COLLATERAL, THE DIVISION RECOMMENDS YOU HAND DELIVER THE COURT'S BOND DISCHARGE/BOND RELEASE TO THE INSURANCE PRODUCER WHO POSTED THE BOND AND OBTAIN A RECEIPT FROM THE INSURANCE PRODUCER WHO POSTED THE BOND SHOWING THE DATE YOU DELIVERED THE DISCHARGE/RELEASE. If you deliver the bond discharge/release to the insurance producer who posted the bond by mail, it is suggested to use certified mail, return receipt requested, with another certified mail copy to the bail insurance company.

YOU SHOULD RETAIN A COPY OF ALL DOCUMENTS RELATED TO THIS BAIL BOND.

Pursuant to § 10-2-707, C.R.S., the insurance producer who posted the bond with the court, with your consent, may use your collateral to secure the following obligations:

- compliance with the bond issued on behalf of the defendant (which may include costs associated with recovering the defendant should the defendant fail to appear for any court appearance associated with this bond if the court revokes the defendant's bond);
- any balance due on the premium, commission, or fee for the bond; and
- any related costs incurred by the agent as a result of issuing the bond.

READ ALL AGREEMENTS WITH THE INSURANCE PRODUCER CAREFULLY. BE SURE YOU UNDERSTAND ALL OF THE TERMS YOU ARE AGREEING TO.

I have read and understood this Disclosure Statement and consent that the insurance producer in this matter may use my collateral to secure the above obligations.

Signature of defendant or third party indemnitor Date

I certify that the terms of this Disclosure Statement as it pertains to collateral are not inconsistent with the Executed Agreement/Indemnity Agreement in this matter.

Signature of the insurance producer Date

Regulation 1-2-15 Repealed Effective 10/15/2012.

Regulation 1-2-16 Insurance Producer Appointment and Termination Requirements for Bail Insurance Companies and Credentials Required by § 10-2-418(2), C.R.S.

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	Rules
Section 6	Severability
Section 7	Enforcement
Section 8	Effective Date
Section 9	History

Section 1 Authority

This regulation is promulgated pursuant to § § 10-1-109 and 10-2-104, C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to establish the requirements for the appointment and termination of insurance producers by bail insurance companies authorized to do business in Colorado pursuant to the statutory provisions of § § 10-2-415.5 and 10-2-415.7, C.R.S.

Section 3 Applicability

This regulation shall apply to insurance producers and bail insurance companies that are authorized to write bail bonds in the State of Colorado.

Section 4 Definitions

- A. "Bail insurance company" shall have the same meaning as in § 10-1-102(3.5), C.R.S.
- B. "Credentials" shall mean the paper document produced by the Division and provided to an insurance producer as required by § 10-2-418(2), C.R.S.
- C. "Division" shall mean the Colorado Division of Insurance

Section 5 Rules

- A. Initial Insurance producer appointments pursuant to § 10-2-415.5, C.R.S.
 - 1. A bail insurance company shall complete the following prior to appointing an insurance producer as a bail bonding agent:
 - a. Confirm that the insurance producer's identity, residence, licensure and instruction as recorded with the Division is accurate.

- b. Obtain documentation that the insurance producer has completed the training required by § 10-2-415.5(2)(c), C.R.S. The bail insurance company shall maintain these documents for the duration of the insurance producer's appointment and for three years thereafter and shall provide these documents to the Division upon written request.
 - c. Be satisfied that the bail bonding agent is trustworthy and qualified to act as its agent and that the bail bonding agent will hold his or herself out in good faith to the general public as the bail insurance company's bail bonding agent.
 - 2. All appointments must be effectuated by the bail insurance company using the Division's online licensing and appointment system.
 - 3. An appointment fee of \$100 will be collected at the time the initial appointment is entered into the online licensing and appointment system. Appointment fees are non-refundable. Fees are payable by electronic check or credit card. If the electronic check is refused by the bank or if the credit card is declined then the appointment will not be valid.
- B. Appointment renewals pursuant to § 10-2-415.5, C.R.S.
 - 1. Prior to October 1 of each year, the Division will provide each bail insurance company a listing of its active insurance producer appointments and a renewal invoice.
 - 2. No later than October 1 of each year, the bail insurance company must renew the appointment of each appointed insurance producer and pay the required appointment renewal fee.
 - 3. The appointment renewal fee is \$100. Appointment renewal fees are non-refundable and are payable by check. If the check is refused by the bank then the appointment renewal will not be valid.
- C. Insurance producer appointment terminations pursuant to § 10-2-415.7, C.R.S.
 - 1. To terminate an insurance producer, the bail insurance company shall file a notice of termination with the Division using the Division's online licensing and appointment system within thirty (30) days from the date the insurance producer is terminated. The bail insurance company shall also notify the insurance producer within thirty (30) days of the termination. Notification to the insurance producer shall be sent by the bail insurance company via certified mail.
 - 2. If the termination is for cause, additional notification to the Commissioner of Insurance is required as set forth in § 10-2-416, C.R.S.
- D. Credentials
 - 1. Section 10-2-418(2), C.R.S requires the Division to issue Credentials to each insurance producer who is appointed by a bail insurance company.
 - 2. The original Credentials required by § 10-2-418(2) will be issued in August of 2012. These Credentials will be valid from the date of issue through the last date of month following the birth month of the insurance producer in 2013.
 - 3. Effective January 1, 2013 all Credentials issued will be valid for one year. These Credentials will be issued by the Division during the month following the birth month of the producer.

4. Duplicate Credentials will be issued to an insurance producer who has lost their credentials or whose credentials have otherwise been destroyed. A request for duplicate credentials must be in writing and must be accompanied by an affidavit stating that the Credentials have been lost or destroyed and payment of a \$100 re-credentialing fee.
5. An insurance producer whose bail insurance company appointment has been terminated or whose license has been revoked by the Division shall immediately relinquish their Credentials to the Division.
 - a. If the insurance producer has lost their Credentials or if their Credentials have been destroyed then the insurance producer shall submit an affidavit stating that the Credentials have been lost or destroyed and therefore cannot be returned. Credentials, or an affidavit of lost or destroyed Credentials, shall be provided to the Division via certified mail or hand delivery.
 - b. If the insurance producer whose bail insurance company appointment has been terminated has an appointment with a different bail insurance company then the Division will issue the insurance producer new Credentials.

E. Contractual agreements between insurance producers and bail insurance companies

Bail insurance companies shall have a written contractual agreement directly with the insurance producer. No insurance producer shall claim to be representative of, or an agent of a bail insurance company, or accept applications or complete bail bond documents, unless the bail insurance producer has a written contract directly with the bail insurance company authorizing the insurance producer to act in the capacity of the agent for the bail insurance company and appointing the agent to act in that capacity.

1. A contract with a supervising agent, general agent, managing agent, or insurance producer acting as a supervisor, who is also a representative of the bail insurance company does not constitute a direct written contract with the bail bonding agent and the bail insurance company as required in this Section 5.
2. A copy of the written contractual agreement shall be maintained by the bail insurance company and the bail bonding agent and shall be made available to the Division upon request.

Section 6 Severability

If any provision of this regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation and the application for such provision to other persons or circumstances shall not be affected.

Section 7 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 8 Effective Date

This regulation is effective October 15, 2012

Section 9 History

Emergency Regulation 04 E7, effective October 5, 2005

New Regulation 1-2-16, effective February 1, 2005

Emergency Regulation 05 E1, effective June 1, 2005

Amended Regulation 1-2-16, effective December 1, 2005

Amended Regulation 1-2-16, effective November 1, 2009

Emergency Regulation 12-E-07, effective July 1, 2012

Repealed and Repromulgated Regulation 1-2-16, effective October 15, 2012

**Regulation 1-2-17 STANDARD COMPENSATION DISCLOSURE FOR HEALTH INSURANCE
PRODUCERS**

- Section 1. Authority
- Section 2. Scope and Purpose
- Section 3. Applicability
- Section 4. Definitions
- Section 5. Rule
- Section 6. Severability
- Section 7. Enforcement
- Section 8. Further Information and Submittals
- Section 9. Effective Date
- Section 10. History

Section 1. Authority

This regulation is promulgated under the authority of § 10-1-109, C.R.S.

Section 2. Scope and Purpose

- A. Pursuant to § 10-16-133(5), C.R.S., effective January 1, 2009, insurance producers, who sell health care insurance shall disclose to the person purchasing the policy that the insurance producer will receive a commission.
- B. This regulation establishes the required disclosure of the standard compensation schedule of the producer to the consumer.

Section 3. Applicability

The requirements and provisions of this regulation apply to all producers who sell health insurance. This regulation does not apply to sales under Medicare Advantage (also known as Medicare Part C) , Medicare Part D Prescription Drug Benefit programs, travel insurance, disability income insurance, credit insurance or long term care insurance.

Section 4. Definitions

For purposes of this regulation, and unless the context requires otherwise:

- A. "Additional Compensation" is when the producer provides additional services on behalf of an insurance company. For example, the producer may perform some underwriting or administrative services, such as policy issuance, for which additional compensation beyond standard compensation or contingent commission is appropriate. These services are not originally contemplated in an insurance company's standard or contingent commission payments.
- B. "Contingent Compensation" is the incentive commission for insurance producers to meet pre-established goals for profitability, retention and/or growth standards across all of the policies they place with an insurance company for a specific year.
- C. "Health care insurance" shall have the same meaning as "health coverage plan" , as defined in § 10-16-102 (22.5), C.R.S.
- D. "Sale" of insurance shall be as defined by § 10-2-103 (10), C.R.S. A sale means the exchange a contract of insurance for money or its equivalent on behalf of an insurance company.
- E. "Standard Compensation" is the set amount or percentage commission the insurance company pays the insurance producer for selling their insurance policy. Standard compensation does not include renewal commissions.

Section 5. Rule

- A. Effective January 1, 2009 all producers who sell health care insurance shall disclose his or her standard compensation. The standard compensation may be disclosed as a percentage or fixed amount, depending on how the commission is paid.
- B. The standard compensation shall be disclosed when the health producer finalizes the sale of health insurance.
- C. The producer disclosure requirements apply only to a new policy. The producer shall maintain written certification that he or she has provided the required disclosure to a policyholder. This may be in the form of Certificate of Mailing or Hand Delivery signed by the producer or a copy of an email to the policyholder. The Colorado Division of Insurance will not provide or approve forms used by producers for disclosure. The written certification of delivery or copy of the email to the policyholder must be retained by the producer pursuant to Regulation 1-1-7 for the current calendar year and two prior years.
- D. In some instances, a producer may sell a product for an insurer but will not be compensated by that insurer. The compensation may come from the insurer's parent or other affiliate, or from a third party. The source of the producer's standard compensation must be disclosed.
- E. Contingent or additional compensation is not considered standard compensation and therefore need not be disclosed.

Section 6. Severability

If any provision of this regulation or the application thereof to any person or circumstances is for any reason held to be invalid, the remainder of the regulation shall not be affected thereby.

Section 7. Enforcement

Noncompliance with this Regulation may result, after proper notice and hearing, in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance or other laws which include the imposition of fines, issuance of cease and desist orders, and/or suspensions or revocations of licenses. Among others, the penalties provided for in § 10-3-1108, C.R.S. may be applied.

Section 8. Further Information and Submittals

Any submittals or questions should be directed to:

Producer Licensing Section

Colorado Division of Insurance

1560 Broadway, Suite 850

Denver, Colorado 80202

303-894-7499

Section 9. Effective Date

This new regulation shall become effective March 2, 2009.

Section 10. History

Emergency Regulation 08-E-7, effective January 1, 2009

Original Regulation 1-2-17, effective March 2, 2009.

Regulation 1-2-18 USE OF SENIOR-SPECIFIC CERTIFICATIONS AND PROFESSIONAL DESIGNATIONS IN THE SALE OF LIFE INSURANCE AND ANNUITIES

Section 1. Authority

Section 2. Scope and Purpose

Section 3. Applicability

Section 4. Definitions

Section 5. Prohibited Use of Senior-Specific Certifications and Professional Designations

Section 6. Severability

Section 7. Enforcement

Section 8. Effective Date

Section 9. History

Section 1. Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of §§ 10-1-109 and 10-3-1110, C.R.S.

Section 2. Scope and Purpose

The purpose of this regulation is to set forth standards to protect consumers from misleading and fraudulent marketing practices with respect to the use of senior-specific certifications and professional designations in the solicitation, sale or purchase of, or advice made in connection with, a life insurance or annuity product.

Section 3. Applicability

This regulation shall apply to any solicitation, sale or purchase of, or advice made in connection with, a life insurance or annuity product by an insurance producer.

Section 4. Definitions

For the purposes of this regulation, “insurance producer” shall have the same meaning as contained in § 10-2-103(6), C.R.S.

Section 5. Prohibited Use of Senior-Specific Certifications and Professional Designations

A. Prohibited Uses

1. It is an unfair and deceptive act or practice in the business of insurance within the meaning of § 10-3-1104 C.R.S. for an insurance producer to use a senior-specific certification or professional designation that indicates or implies in such a way as to mislead a purchaser or prospective purchaser that the insurance producer has special certification or training in advising or servicing seniors in connection with solicitation, sale or purchase of a life insurance or annuity product or in the provision of advice as to the value or the advisability of purchasing or selling a life insurance or annuity product, either directly or indirectly through publications or writings, or by issuing or promulgating analyses or reports related to a life insurance or annuity product.
2. The prohibited use of senior-specific certifications or professional designations includes, but is not limited to, the following:
 - (a) Use of a certification or professional designation by an insurance producer who has not actually earned or is otherwise ineligible to use such certification or designation;
 - (b) Use of a nonexistent or self-conferred certification or professional designation;
 - (c) Use of a certification or professional designation that indicates or implies a level of occupational qualification obtained through education, training or experience that the insurance producer using the certification or designation does not have;
 - (d) Use of a certification or professional designation that was obtained from a certifying or designating organization that:
 - (1) Is primarily engaged in the business of instruction in sales or marketing;
or

- (2) Does not have reasonable standards or procedures for monitoring and disciplining its certificants or designees for improper or unethical conduct; or
 - (3) Does not have reasonable continuing education requirements for its certificants or designees in order to maintain the certificate or designation.
- B. There is a rebuttable presumption that a certifying or designating organization is not disqualified solely for purposes of subsection A(2)(d) of this section five when the certification or designation issued from the organization does not primarily apply to sales or marketing and when the organization or the certification or designation in question has been accredited by:
 - 1. The American National Standards Institute (ANSI);
 - 2. The National Commission for Certifying Agencies; or
 - 3. Any organization that is an accrediting agency recognized for Title IV Purposes by the U.S. Department of Education.
- C. In determining whether a combination of words or an acronym standing for a combination of words constitutes a certification or professional designation indicating or implying that a person has special certification or training in advising or service seniors, factors to be considered shall include:
 - 1. Use of one or more words such as “senior,” “retirement” ,” elder,” or like words combined with one or more words such as “certified,” “registered,” “chartered,” “advisor,” “specialist,” “consultant,” “planner,” or like words, in the name of the certification or professional designation; and
 - 2. The manner in which the words are combined.
- D. Definitions
 - 1. For purposes of this regulation, a job title within an organization that is licensed or registered by a state or federal services regulatory agency is not a certification or professional designation, unless it is used in a manner that would confuse or mislead a reasonable consumer, when the job title:
 - (a) Indicates seniority or standing within the organization; or
 - (b) Specifies an individual’s area of specialization within the organization.
 - 2. For purposes of this subsection, financial services regulatory agency includes, but is not limited to, an agency that regulates insurers, insurance producers, broker-dealers, investment advisors, or investment companies as defined under the Investment Act of 1940.

Section 6. Severability

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected.

Section 7. Enforcement

Noncompliance with this Regulation may result, after proper notice and hearing, in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance or other laws which include the imposition of fines, issuance of cease and desist orders, and/or suspensions or revocation of license. Among others, the penalties provided for in §10-3-1108, C.R.S. may be applied.

Section 8. Effective Date

This regulation shall become effective on June 1, 2009.

Section 9. History

New regulation effective June 1, 2009.

Regulation 1-2-19 CONTRACT AND RECORD RETENTION RULES FOR PUBLIC ADJUSTERS

Section 1	Authority
Section 2	Scope and Purpose
Section 3	Applicability
Section 4	Definitions
Section 5	Contract and Disclosure Statement Between Public Adjuster and Insured
Section 6	Financial Responsibility
Section 7	Record Retention
Section 8	Severability
Section 9	Enforcement
Section 10	Effective Date
Section 11	History
Appendix A	Public Adjusters Surety Bond

Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of §§ 10-1-109 and 10-2-417, C.R.S.

Section 2 Scope and Purpose

This regulation sets forth the requirements and standards for contracts between a public adjuster and an Insured. This regulation also sets forth the requirements for the retention of records by public adjusters and the securing of evidence of the financial responsibility of a public adjuster through a surety bond executed and issued by an insurer.

Section 3 Applicability

This regulation shall apply to all resident and nonresident public adjusters licensed in the state of Colorado.

Section 4 Definitions

For purposes of this regulation, and unless the context requires otherwise:

- A. "Business entity" shall have the same meaning as defined in §10-2-103(5), C.R.S.
- B. "Commissioner" means the Commissioner of Insurance for the state of Colorado.
- C. "Division" means the Colorado Division of Insurance.
- D. "Erroneous act" means, for the purposes of this regulation, shall include, but not be limited to, a violation of Articles 2 or 3 of Title 10 of the Colorado Revised Statutes and Division of Insurance Regulations.
- E. "Home state" means, for the purposes of this regulation, the District of Columbia and any state or territory of the United States in which the public adjuster's principal place of residence or principal place of business is located. If neither the state in which the public adjuster maintains his or her principal place of residence nor the state in which the public adjuster maintains his or her principal place of business has a substantially similar law governing public adjusters, the public adjuster may declare another state in which he or she becomes licensed and acts as a public adjuster to be the "home state."
- F. "Person" shall have the same meaning as defined in § 10-2-103(8), C.R.S.
- G. "Public adjuster" shall have the same meaning as defined in § 10-2-103(8.5), C.R.S.

Section 5 Contract and Disclosure Statement between Public Adjuster and Insured

- A. Public adjusters shall ensure that all contracts for their services are in writing and contain the following:
 - 1. Legible full name of the adjuster signing the contract, as specified in Division records;
 - 2. Permanent home state business address and phone number;
 - 3. Division license number;
 - 4. Title of "Public Adjuster Contract";
 - 5. The insured's full name, street address, underwriting insurance company name and policy number, if known or upon notification;
 - 6. A description of the loss and its location, if applicable;
 - 7. Description of the services to be provided to the insured;
 - 8. Signatures of the public adjuster and the insured;
 - 9. Date contract was signed by the public adjuster and date the contract was signed by the insured;
 - 10. Attestation language stating that the public adjuster is fully bonded pursuant to state law;
 - 11. The policy number and issuing insurance company name for the surety bond required by § 10-2-417(2), C.R.S., and this regulation;

12. Full salary, fee, commission, compensation or other considerations the public adjuster is to receive for services; and
 13. Notice of the right to rescind the contract within seventy-two (72) hours after the signing of the contract.
- B. The contract may specify that the public adjuster may be named as a co-payee on an insurer's payment of a claim.
1. If the compensation is based on a share of the insurance settlement, the exact percentage shall be specified.
 2. Initial expenses to be reimbursed to the public adjuster from the proceeds of the claim payment shall be specified by type, with dollar estimates set forth in the contract and with any additional expenses approved by the insured.
 3. Compensation provisions in a public adjusting contract shall not be redacted in any copy of the contract provided to the Division.
- C. If the insurer, within seventy-two (72) hours after the date on which the loss is reported to the insurer, either pays or commits in writing to pay to the insured the policy limit of the policy, the public adjuster shall:
1. Not receive a commission consisting of a percentage of the total amount paid by the insurer to resolve a claim;
 2. Inform the insured that the loss recovery amount might not be increased by the insurer; and
 3. Be entitled to only reasonable compensation from the insured for services provided by the public adjuster on behalf of the insured until the claim is paid or until the insured receives a written commitment to pay from the insurer. Such reasonable compensation shall be based on the time spent and the expenses incurred by the public adjuster on the claim.
- D. A public adjuster contract shall not contain any contract term or clause that:
1. Allows the public adjuster's percentage fee to be collected when money is due from an insurance company, but not paid, or that allows a public adjuster to collect the entire fee from the first check issued by an insurance company, rather than as a percentage of each check issued by an insurance company;
 2. Requires the insured to authorize an insurance company to issue a check only in the name of the public adjuster;
 3. Imposes collection costs or late fees; or
 4. Precludes any person from pursuing civil remedies.
- E. Prior to the signing of the contract the public adjuster shall provide the insured with a separate disclosure document regarding the claim process and the contract that states:
1. Property insurance policies obligate the insured to present a claim to his or her insurer for consideration. There are three (3) types of adjusters that could be involved in that process. The definitions of the three (3) types are as follows:

- a. "Company adjuster" means the insurance adjusters who are employees of an insurance company. They represent the interest of the insurance company and are paid by the insurance company. They will not charge you a fee.
 - b. "Independent adjuster" means the insurance adjusters who are hired on a contract basis by an insurance company. They represent the insurance company's interest in the settlement of the claim and are paid by the insurance company. They will not charge you a fee.
 - c. "Public adjuster" means the insurance adjusters who do not work for any insurance company. They work for you, the insured, to assist in the preparation, presentation and settlement of the claim. The insured hires them by signing a contract agreeing to pay them a fee or commission based on a percentage of the settlement, or other method of compensation.
- 2. The insured is not required to hire a public adjuster to help the insured meet his or her obligations under the policy, but has the right to do so;
 - 3. The insured has the right to initiate direct communications with the insured's attorney, the insurer, the insurer's adjuster, and the insurer's attorney, or any other person regarding the settlement of the insured's claim;
 - 4. The public adjuster is not a representative or employee of the insurer;
 - 5. The salary, fee, commission, or other consideration is the obligation of the insured, not the insurer; and,
 - 6. The insured has the right to rescind the contract within seventy-two (72) hours of the contract being signed. The rescission shall be in writing, addressed to the public adjuster, at the address in the contract, and the insurer, and placed in the mail or delivered to the public adjuster within seventy-two (72) hours.
- F. The contracts and disclosure statement shall be executed in duplicate to provide an original contract and disclosure statement to the public adjuster and an original contract and disclosure statement to the insured. The public adjuster's original contract and disclosure statement shall be available at all times for inspection by the Commissioner or his or her designee.
 - G. The public adjuster shall provide the insurer a notification letter, which has been signed by the insured, authorizing the public adjuster to represent the insured's interest. The letter shall be accompanied by a copy of the signed public adjuster contract.
 - H. The public adjuster shall give the insured written notice of the insured's rights as provided in the Colorado Consumer Protection Act, Title 6 of the Colorado Revised Statutes.
 - I. The insured has the right to rescind the contract within seventy-two (72) hours of the contract being signed. The rescission shall be in writing, addressed to the public adjuster, at the address in the contract, and the insurer, and placed in the mail or delivered to the public adjuster within seventy-two (72) hours.
 - J. If the insured exercises the right to rescind the contract, anything of value given by the insured under the contract will be returned to the insured within fifteen (15) business days following the receipt by the public adjuster of the cancellation notice.

Section 6 Financial Responsibility

- A. A business entity acting as a public adjuster, as described at § 10-2-103(8.5), C.R.S., is required to obtain a public adjuster license and shall comply with § 10-2-417(2), C.R.S., by securing a surety bond in the format attached hereto as Appendix A.
- B. Effective January 1, 2014, all persons and business entities originally licensed as a public adjuster pursuant to § 10-2-417, C.R.S. (2012) must secure a surety bond in the format attached hereto as Appendix A, which is executed and issued by an insurer authorized to issue surety bonds in this state in order to satisfy the financial responsibility requirements of § 10-2-417(2), C.R.S. Effective January 1, 2014, a failure on the part of a person or business entity originally licensed as a public adjuster pursuant to § 10-2-417, C.R.S. (2012), to secure a surety bond in the format attached hereto as Appendix A shall result in the summary suspension of the public adjuster licensee.
- C. Prior to receiving a public adjuster license, a person or business entity applying for the public adjuster license must secure a surety bond in the format attached hereto as Appendix A, which is executed and issued by an insurer authorized to issue surety bonds in this state in order to satisfy the financial responsibility requirements of § 10-2-417(2), C.R.S. A failure on the part of the person or business entity to secure the surety bond in the format attached hereto as Appendix A shall result in the denial of the license application.
- D. The original surety bond and power of attorney required pursuant to Section 6.B., above shall be mailed or delivered to the Commissioner of Insurance on or before January 2, 2014.
- E. The original surety bond and power of attorney required pursuant to Section 6.C. above shall be submitted, to the Division of Insurance, with the application for licensure.

Section 7 Record Retention

- A. A public adjuster shall maintain a complete record of each transaction as a public adjuster. The records required by this section shall be retained for five (5) years from the date of contract or upon completion of contract, whichever is longer. The records required by this section include the following:
 - 1. Name of the insured;
 - 2. Date, location and amount of the loss;
 - 3. Copy of the contract between the public adjuster and insured;
 - 4. Name of the insurer, amount, expiration date and number of each policy carried with respect to the loss;
 - 5. Itemized statement of the insured's recoveries;
 - 6. Itemized statement of all compensation received by the public adjuster, from any source whatsoever, in connection with the loss;
 - 7. A register of all monies received, deposited, disbursed, or withdrawn in connection with a transaction with an insured, including fees transfers and disbursements from a trust account and all transactions concerning all interest bearing accounts;
 - 8. Name of public adjuster who executed the contract;
 - 9. Name of the attorney representing the insured, if applicable, and the name of the claims representative(s) of the insurance company;

10. A copy of the bond required by § 10-2-417(2), C.R.S., that was in effect during the course of the transaction;
11. A copy of the letter mailed to the insurance company as required by Section 5.G. of this regulation;
12. A copy of the written notice of the insured's rights as required by Section 5.H. of this regulation;
13. All written communication, whether stored electronically or by other means, between the public adjuster and the insured or between the public adjuster and the insurance company; and
14. A copy of the disclosure statement required by Section 5.E. of this regulation.

Section 8 Severability

If any provision of this regulation or the application to any person or circumstance is for any reason held to be invalid, the remainder of the Regulation shall not be affected.

Section 9 Enforcement

Noncompliance with this regulation may result in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the business of insurance, or other laws, which include the imposition of civil penalties, issuance of cease and desist orders, and/or suspensions or revocation of license, subject to the requirements of due process.

Section 10 Effective Date

This regulation shall be effective January 1, 2014.

Section 11 History

Original Regulation 1-2-19, effective January 1, 2014.

APPENDIX A

APPENDIX A

STATE OF COLORADO

POWER OF ATTORNEY NUMBER: _____

BOND NUMBER: _____

PUBLIC ADJUSTER SURETY BOND

The condition of this surety bond is that _____
(Name of Public Adjuster)

as PRINCIPAL and _____
(Name of Surety)

an insurer authorized to issue surety bonds in the State of Colorado, as SURETY, are hereby held and firmly bound to the Division of Insurance of the State of Colorado, as obligee, in the sum of TWENTY THOUSAND DOLLARS (\$20,000.00). Principal and Surety hereby bind themselves, their representatives, successors and assigns, jointly and severally, to the terms of this bond. Principal and Surety further agree that:

1. This surety bond is required by § 10-2-417(2), C.R.S., and secures the compliance of the Principal with the requirements of the Colorado statutes and regulations regulating public adjusters.
2. This surety bond specifically authorizes the Colorado Commissioner of Insurance to recover restitution against this surety bond for any person in this state who sustained damages as the result of the Principal's erroneous acts, failure to act, conviction of fraud, or conviction of unfair practices in his or her capacity as a public adjuster. The term erroneous act shall include, but is not limited to, a violation by the Principal of Articles 2 or 3 of Title 10 of the Colorado Revised Statutes.
3. The aggregate liability of the Surety to all persons for losses incurred as a result of the Principal's actions shall in no event exceed the amount of this bond.
4. This surety bond shall remain in effect during the term of the license, until the Surety is released from liability by the Colorado Commissioner of Insurance, or until canceled by the Surety.
5. The Surety agrees to notify the Colorado Commissioner of Insurance and the licensee of any termination or cancellation of the surety bond thirty (30) days prior to terminating or cancelling the surety bond and to provide a date certain for the termination or cancellation of the surety bond. The Surety remains liable for any damages caused by the Principal's erroneous acts, failure to act, conviction of fraud, or conviction of unfair practices in his or her capacity as a public adjuster prior to the termination date.
6. The Principal agrees that any failure to have a compliant surety bond shall result in the summary suspension of the Principal's public adjuster license.
7. The Principal agrees to notify the Colorado Commissioner of Insurance in writing within fourteen (14) days of any change to this surety bond that impairs the financial responsibility of the Principal.

(Print Name of Surety)

(Print Name of Principal)

By: _____
Signature of Attorney in Fact for
Surety or Surety must attach
Power of Attorney)

By: _____
(Signature of Principal)

Editor's Notes

History

Regulation 1-1-2 eff. 12/01/2007.

Regulation 08-E-1 emer. rule eff. 01/01/2008.

Regulations 1-1-9; 1-2-5 eff. 2/1/2008.

Regulation 08-E-3 emer. rule eff. 06/01/2008.

Regulation 1-2-10 eff. 07/01/2008.

Regulation 1-2-1 eff. 01/01/2009.

Regulation 08-E-7 emer. rule eff. 01/01/2009.

Regulations 1-1-8, 1-2-10, 1-2-11 eff. 02/01/2009.

Regulation 1-2-17 eff. 03/02/2009.

Regulation 1-2-18 eff. 06/01/2009.

Regulation 1-2-10 eff. 07/01/2009.

Regulation 1-2-13 eff. 10/01/2009.

Regulations 1-2-14, 1-2-16 eff. 11/01/2009.

Regulation 09-E-05 emer. rule eff. 12/03/2009; expired 03/03/2010.

Regulation 1-2-10 eff. 01/01/2010.

Regulation 1-1-6 eff. 01/01/2012.

Regulation 1-1-4 Repealed eff. 02/01/2012.

Regulation 1-1-1 eff. 06/01/2012.

Regulation 1-1-8 eff. 07/01/2012.

Regulations 12-E-01, 12-E-09, 12-E-02, 12-E-04, 12-E-10, 12-E-05, 12-E-07 emer. rule eff. 07/01/2012; regulation 1-2-15 repealed emer. rule eff. 07/01/2012.

Regulation 1-2-7 eff. 10/01/2012.

Regulations 1-2-4 – 1-2-5, 1-2-10 – 1-2-11, 1-2-13 – 1-2-14, 1-2-16 eff. 10/15/2012; regulation 1-2-15 repealed eff. 10/15/2012.

Regulation 1-1-9 eff. 04/01/2013.

Regulation 1-1-6 emer. rule repealed eff. 06/28/2013.

Regulation 1-1-6 repealed eff. 10/01/2013.

Regulations 1-2-4, 1-2-10, 1-2-19 eff. 01/01/2014.

Regulations 1-1-2, 1-2-12 repealed eff. 01/15/2014.

Regulation 1-2-14 eff. 02/01/2014.

Regulation 1-2-9 eff. 05/01/2014.

Annotations

Insurer's response did not substantially address the DOI's first letter of inquiry against insurer thus triggering a violation of regulation. *Colo. Div. of Ins. v. Auto-Owner's Ins. Co., Colo. App. 08CA0960 (2009).*

Emergency Regulation 09-E-05 (eff. 12/03/2009) superseded and replaced Regulation 1-2-13 (eff. 10/01/2009). Upon expiration of the emergency regulation, the regulation was removed from the CCR. However, prior to expiration of the emergency regulation, the Denver District Court (Case No. 2009 CV 11706, Quesada v. Morrison) temporarily enjoined the enforcement of Emergency Regulation 09-E-05 and ordered that the prior governing regulation, 1-2-13, remain in effect. The Court later granted the parties' stipulated motion to dismiss, effective upon the expiration of Emergency Regulation 09-E-05 on 03/03/2010. Per agency request, prior Regulation 1-2-13, eff. 10/01/2009, has been restored to its place in 3 CCR 702-1, in order to effectuate the intent of the Court and the parties that the prior regulation be reinstated upon the expiration of Emergency Regulation 09-E-05.