

REGULATION 1-1-1 ACTUARIAL QUALIFICATIONS

I. AUTHORITY

This regulation is promulgated pursuant to the authority of § § 10-1-108(8) and 10-1-109, Colorado Revised Statutes.

II. 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.

III. SCOPE

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.

IV. QUALIFICATIONS

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

1. In the case of documents relating to property and casualty types of coverage, the person must be:
 - a. 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
 - b. 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.
2. In the case of documents relating to other types of insurance or regulated products, the person must be:
 - a. a member of the American Academy of Actuaries, or
 - b. 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.

V. CONTINUED QUALIFICATION

Persons qualifying under either IV(1)(b) or IV(2)(b) 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 Actuary membership, or other comparable educational credits acceptable to the Commissioner.

VI. 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 thereby.

VII. EFFECTIVE DATE

This regulation is hereby amended and restated effective October 31, 1991.

Regulation 1-1-2 PUBLIC ADJUSTER REPRESENTATION CONTRACTS

I. AUTHORITY

This regulation is promulgated under §§ 10-1-101, 10-1-109, and Part 11, Article 3 Title 10 C.R.S.

II. PURPOSE

The purpose of this regulation is to prevent unfair settlement of claims practices by providing a 72 hour "cooling off" period for insureds suffering casualty losses, during which, for the immediate 72 hours thereafter, no settlement representation agreement shall be legally binding upon an insured except as specifically exempted in this regulation.

III. RULE

Any contract or other form of agreement for representation in an insured property or casualty loss claim shall be rescindable against public adjusters and the insurer for such loss at the election of the insured provided the insured exercises his rights of rescission in writing addressed to the insurer and the public adjuster and puts the same, postage prepaid, in the United States Mail within 72 hours of the occurrence of the property or casualty loss. All public adjusters taking a representative agreement to resolve a property or casualty loss on behalf of an insured within 72 hours of the loss occurrence shall give to the insured written notice of, and directions as to exercise of his rights of rescission.

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

I. AUTHORITY

This regulation is promulgated under the authority of § § 10-1-108(8), 10-1-109 and 10-3-128(4), C.R.S.

II. PURPOSE

The provisions of § 10-3-128, C.R.S. require that every applicant applying for an initial certificate of authority maintain offices in this state and that any insurer licensed in Colorado prior to July 1, 1991 file a

plan for compliance. The purpose of this regulation is to describe how companies can comply with this statute and also to describe the information which must be furnished by companies filing to prove compliance with or requesting a waiver for these provisions.

III. SCOPE

This regulation shall apply to all Colorado domestic insurance companies.

IV. DEFINITION

- A. "Books and Records" as used herein shall include all information which is necessary for an examiner or other representative of the Commissioner to conduct a financial, actuarial, rate or market conduct examination of the insurer, including, but not limited, to underwriting files, claims files, policy form files, actuarial support files, in-force files and listings, general ledgers, accounting journals, trial balance ledgers, organizational documents, board and other committee minutes, stock journals, and complaint logs.
- B. "Plan of Operation" as used herein shall include all pertinent information necessary to understand the company operation, including, but not limited to, a summary of the current products being offered, method of offering, facilities to service the products and area of solicitation.
- C. "Readily Accessible" as used herein shall mean that the referenced documents or copies of such documents are physically available in Colorado within ten calendar days of a request, or are immediately electronically available from Colorado, by an examiner or other representative of the Commissioner.

V. PLAN OR EVIDENCE OF COMPLIANCE

As a continuing condition of the insurer's authority to transact the business of insurance in Colorado, all domestic insurance companies must maintain, and if requested, file sufficient evidence satisfactory to the Commissioner, to justify and support compliance with the requirements of § 10-3-128(1), C.R.S.

The standards as outlined in statute require that each company meet condition (a) below and either condition (b) or (c) below:

- a. that the company's books and records are readily accessible, and;
- b. that there is significant economic development being provided to Colorado. Compliance may be demonstrated by the company maintaining a home or regional home office in Colorado or actually spending in Colorado at least \$200,000 annually. This minimum expense tabulation may include salaries for Colorado employees, purchases made in Colorado, taxes paid to Colorado (excluding premium tax) and other expenditures made in Colorado. This tabulation should not include premiums paid by insureds, commissions paid, or any secondary effect of the moneys spent in Colorado. Alternatively, the company may make other demonstration acceptable to the Commissioner to satisfy this standard, or;
- c. that insurance products are currently or reasonably anticipated to be offered and beneficial to the Colorado insurance buying public. These products must reasonably be anticipated to be purchased by Colorado residents. The company should also describe the method and means by which these products will be offered.

Under the statute any company licensed prior to July 1, 1991, which does not maintain its home, principal, executive offices and its books and records in Colorado was required to file, by January 1, 1992, a demonstration of how it believes compliance with the standards of Section 10-3-128(1), C.R.S. is being achieved.

VI. WAIVER/MODIFICATION OF REQUIREMENTS

In accordance with § 10-3-128(3), C.R.S., a new or existing company which is unable to meet the requirements of this regulation may file a formal written request to the Commissioner to modify or waive such requirements. Such written request shall include details of the condition or conditions for which waiver or modification is requested. Such request shall include a summary of the company's current plan of operation along with any other material or information the company considers pertinent and a corporate resolution that immediate notice will be provided the Commissioner in the event of material change in any of the above.

In determining whether or not to grant a waiver under Section 10-3-128, C.R.S., the Division will consider each application on a case by case basis. The Division will consider, among other things whether the company maintained its books and records outside of the State of Colorado on July 1, 1991, whether the company had received written authority from the Division to remove its books and records from the State of Colorado and whether the company has complied with the requirements of Colorado law and regulations and directives of the Division as well as the history of complaints regarding the availability or accessibility of its books and records.

A waiver once granted may, under appropriate circumstances, be subject to revocation. For example, a waiver allowing a company to maintain its books and records in one location will not be deemed to allow the company to change the location of its books and records to an alternate location outside of Colorado.

If such request for waiver or modification is acceptable to the Commissioner, such waiver or modification shall be limited to the present location and filed plan of the company. The company may be required at any time to provide evidence satisfactory to the Commissioner that such plan is being maintained.

VII. 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 thereby.

VIII. EFFECTIVE DATE

This regulation initially became effective April 1, 1992, is amended effective December 31, 1992.

Regulation 1-1-5 RENUMBERING OF INSURANCE REGULATIONS

Repealed February 1, 2003

Amended Regulation 1-1-6 - Concerning The Elements Of Certification For Accident and Health Forms, Private Passenger Automobile Forms, Commercial Automobile with Individually-Owned Private Passenger Automobile-Type Endorsement Forms, Claims-Made Liability Forms, Preneed Funeral Contracts and Excess Loss Insurance in Conjunction with Self-Insured Employer Benefit Plans under the Federal "Employee Retirement Income Security Act"

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Section 1 . Authority

This regulation is promulgated pursuant to §§ 10-1-109, 10-4-419, 10-4-633, 10-15-105 and 10-16-107.2 and 10-16-119, C.R.S.

Section 2 . Background and Purpose

The purpose of this regulation is to promulgate rules applicable to the filing of new policy forms, new policy form listings, annual reports of policy forms, and certifications of policy forms.

Section 3 . Applicability and Scope

This regulation applies to all insurers and other entities authorized to conduct business in Colorado which provide health coverages, private passenger automobile insurance, commercial automobile with an “individually-owned private passenger automobile-type endorsement”, claims-made liability insurance, excess loss insurance used in conjunction with self-insured employer benefit plans under the federal “Employee Retirement Income Security Act (certification is only required with the filing and forms are attached versus a listing of forms) and/or preneed funeral contracts, who are required to fully execute and file, with each Listing of New Policy Forms or Annual Report of policy forms, a certification. This regulation does not change the certification requirements for preneed funeral contract sellers who utilize Colorado’s prototype preneed funeral contracts.

If an “individually-owned private passenger automobile-type endorsement” is attached to a commercial automobile policy, the filing and certification requirements of Part 6 of Article 4, Title 10, C.R.S., apply to policy forms, endorsements, cancellation notices, renewal notices, disclosure forms, notices of proposed premium increases, notices of reductions in coverage and any other such forms as requested by the Commissioner, that are currently in use and issued or delivered, or intended to be used and issued or delivered, to any policyholder in Colorado and that are used or intended to be used with any commercial automobile insurance policy. If an “individually-owned motor vehicle endorsement” is attached to a commercial automobile policy, the insurer must comply with all of the private passenger automobile certification requirements.

Section 4 . Definitions

For the purposes of this regulation:

- A. “Annual Report for private passenger automobile insurance” shall mean a list of all private passenger automobile policy forms, endorsements, cancellation notices, renewal notices, disclosure forms, notices of proposed premium increases, notices of reductions in coverage and any other such forms as requested by the Commissioner currently in use and issued or delivered to any policyholder in Colorado, including the titles of the programs or products affected by the forms.
- B. “Annual Report for commercial automobile with individually-owned private passenger automobile-type endorsement” shall mean a list of all private passenger automobile policy forms, endorsements, cancellation notices, renewal notices, disclosure forms, notices of proposed premium increases, notices of reductions in coverage and any other such forms as requested by the Commissioner

currently in use and issued or delivered to any policyholder in Colorado, including the titles of the programs or products affected by the forms.

- C. "Annual Report for claims-made liability insurance" shall mean a list of all claims-made liability insurance policy forms, endorsements, disclosure forms, and evidence of coverage currently in use and issued or delivered to any policyholder in Colorado, including the titles of the programs or products affected by the forms.
- D. "Annual Report for health coverage" shall mean a list of all policy forms, application forms (to include any health questionnaires used as part of the application process), endorsements and riders for any sickness, accident, and/or health insurance policy, contract, certificate, or other evidence of coverage currently in use and issued or delivered to any policyholder, certificate holder, enrollee, subscriber, or member in Colorado, including the titles of the programs or products affected by the forms.
- E. "Annual Report for preneed contracts" shall mean a list of all written contracts, forms of assignment, agreements, or mutual understandings, any series or combination of contracts, agreements, or mutual agreements, or mutual understanding, or any security or other instrument which is convertible into a contract, agreement, or mutual understanding whereby it is agreed that, upon the death of the preneed contract beneficiary, a final resting place, merchandise, or service shall be provided or performed in connection with the final disposition of the preneed contract beneficiary's body currently in use.
- F. "Certification of compliance" shall mean a certification form, which contains elements of certification as determined by the Commissioner, signed by a designated officer of the entity. If the individual signing the certification is other than the president, vice president assistant vice president, corporate secretary, assistant corporate secretary, CEO, CFO, general counsel or an actuary that is also a corporate officer, documentation should be included that shows that this individual has been appointed as an officer of the organization by the Board of Directors. This documentation is to be submitted with every filing.
- G. "Certification of compliance for excess loss insurance used in conjunction with self-insured employer benefit plans under the federal "Employee Retirement Income Security Act" shall mean a certification form, which contains the elements of certification as determined by the Commissioner, signed by a designated officer of the entity. If the individual signing the certification is other than the president, vice president, corporate secretary, CEO, CFO, general counsel or an actuary that is also a corporate officer, documentation should be included that shows that this individual has been appointed as an officer of the organization by the Board of Directors. This documentation is to be submitted with every filing. Entities shall file their actual forms with this certification.
- H. "Entity" shall mean any organization that provides private passenger automobile insurance, commercial automobile with an "individually-owned private passenger automobile-type endorsement", claims-made liability insurance, preneed funeral contracts, excess loss coverage used in conjunction with a self-insured benefit plan under the federal "Employee Retirement Income Security Act" or health coverage in this state. For the purpose of this regulation, "entity" includes insurers providing health coverage through fraternal benefit societies, health maintenance organizations, nonprofit hospital and health service corporations, sickness and accident insurance companies, and any other entities providing a plan of health insurance or health benefits subject to the Colorado insurance laws and regulations.
- I. "Health Coverage Compliance Guide" shall mean a form prescribed by the Commissioner, which provides guidance for certifying the compliance of any health coverage form with Colorado insurance laws and regulations.
- J. "Listing of New Policy Forms for private passenger automobile insurance" shall mean a list of any new

private passenger automobile policy forms, endorsements, cancellation notices, renewal notices, disclosure forms, notices of proposed premium increases, notices of reductions in coverage and any other such forms as requested by the Commissioner issued or delivered to any policyholder in Colorado with the description of the form, the form number and edition date, the title of the program or product affected by the form, and the effective date the form will be used.

- K. "Listing of New Policy Forms for commercial automobile with individually-owned private passenger automobile-type endorsement" shall mean a list of any new private passenger automobile policy forms, endorsements, cancellation notices, renewal notices, disclosure forms, notices of proposed premium increases, notices of reductions in coverage and any other such forms as requested by the Commissioner issued or delivered to any policyholder in Colorado with the description of the form, the form number and edition date, the title of the program or product affected by the form, and the effective date the form will be used.
- L. "Listing of New Policy Forms for claims-made liability insurance" shall mean a list of any new claims-made liability insurance policy forms, endorsements, disclosure forms, and evidence of coverage issued or delivered to any policyholder in Colorado with the description of the form, the form number and edition date, the title of the program or product affected by the form, and the effective date the form will be used.
- M. "Listing of New Policy Forms for health coverage" shall mean a list of any new policy forms, application forms (to include any health questionnaires used as part of the application process), endorsements and riders for any sickness, accident, and/or health insurance policy, contract, certificate, or other evidence of coverage issued or delivered to any policyholder, certificate holder, enrollee, subscriber, or member in Colorado and the title of the program or product affected by the form, and the effective date the form will be used.
- N. "Listing of New Policy Forms for preneed contracts" shall mean a list of all new written contracts, forms of assignment, agreements, or mutual understandings, any series or combination of contracts, agreements, or mutual agreements, or mutual understanding, or any security or other instrument which is convertible into a contract, agreement, or mutual understanding whereby it is agreed that, upon the death of the preneed contract beneficiary, a final resting place, merchandise, or service shall be provided or performed in connection with the final disposition of the preneed contract beneficiary's body. Additionally, the preneed funeral contract seller shall include a description of the form, the form number and edition date, the title of the program or product affected by the form, and the effective date the form will be used. All preneed funeral contract sellers shall certify preneed contracts to the Commissioner concurrent with the use of such preneed contracts.
- O. "Officer of an entity" shall mean the president, vice-president, assistant vice-president, corporate secretary, assistant corporate secretary, funeral director, general counsel or actuary who is a corporate officer, or any officer appointed by the Board of Directors (a copy of the appointment is required for each filing).
- P. "Program" shall mean the title of an entity's insurance program, product or preneed funeral contract,
- Q. "Signature" includes an electronic signature as defined in Colorado Revised Statute 24-71.3-102.

Section 5 . Rules

- A. At least 31 days prior to using any new form (except preneed funeral contract and excess loss insurance used in conjunction with self-insured employer benefit plans under the federal "Employee Retirement Income Security Act" forms, which are filed concurrently) each entity, subject to the provisions of this regulation, shall file, in a format prescribed by the Commissioner, a Listing of New Policy Forms including a fully-executed certificate of compliance. Any such listing

and the applicable certificate of compliance must be prepared individually for each product.

- B. Not later than July 1 of each year, each private passenger automobile insurer, commercial automobile with an “individually-owned private passenger automobile-type endorsement” which is attached to a commercial automobile policy, preneed contract and claims-made liability insurer shall file an Annual Report of policy forms including a fully-executed certificate of compliance.
- C. Not later than December 31 of each year, each entity providing health care coverages shall file an Annual Report of policy forms including a fully executed certificate of compliance. However, excess loss insurance, used in conjunction with self-insured employer benefit plans under the federal “Employee Retirement Income Security Act” , does not require the filing of an Annual Report of policy forms.
- D. Elements of Certification

The elements of certification as determined by the Commissioner, which must be included in the Colorado Health Coverage Certification Forms, the Colorado Automobile Private Passenger Insurance Certification Form, Colorado Preneed Certification Form (prototype policies are excluded from this certification process), the Colorado Commercial Automobile with Individually-Owned Private Passenger Automobile-Type Insurance Certification Form, Excess Loss Insurance used in Conjunction with Self-Insured Employer Benefit Plans under the Federal “Employee Retirement Income Security Act” Certification Form, and the Colorado Claims-Made Liability Insurance Certification Form are as follows:

1. The name of the entity;
2. A statement that the officer signing the certification form is knowledgeable of accident and health insurance or health care benefits, preneed funeral contracts, private passenger automobile insurance, excess loss insurance used in conjunction with self-insured employer benefit plans under the federal “Employee Retirement Income Security Act” , or “individually-owned private passenger automobile-type endorsement” attached to a commercial automobile policy or claims-made liability insurance, whichever is being certified;
3. A statement that the officer signing the certification form has carefully reviewed the policy forms, subscription certificates, membership certificates, preneed funeral contracts or other evidences of health care coverage identified on the Listing of New Policy Forms or Annual Report, or in the case of Excess Loss Insurance used in Conjunction with Self-Insured Employer Benefit Plans under the Federal “Employee Retirement Income Security Act” , the actual forms are attached;
4. A statement that the officer signing the certification form has read and understands each applicable law, regulation and bulletin;
5. A statement that the officer signing the certification form is aware of applicable penalties for certification of a noncomplying form or contract;
6. A statement that the officer signing the certification form certifies:
 - a. For Listings of New Policy Forms for health coverage or, in the case of excess loss insurance in conjunction with self-insured employer benefit plans under the federal “Employee Retirement Income Security Act” , the actual forms themselves, that the certifying officer has reviewed, signed and placed on file the health coverage compliance guide or, in the case of excess loss insurance in conjunction with self-insured employer benefit plans under the federal “Employee

Retirement Income Security Act” , the excess loss for ERISA plan guide, and to the best of the officer's good faith, knowledge and belief, the documents identified on the listing of new policy forms provide all applicable mandated coverages and are in full compliance with all Colorado insurance laws and regulations;

- b. For Annual Reports of health coverage, that the documents identified on the listing provide all applicable mandated coverages and are in full compliance with all Colorado insurance laws and regulations;
 - c. For Listings of New Policy Forms and Annual Reports for private passenger automobile insurance and “individually-owned private passenger automobile-type endorsement” attached to a commercial automobile policy, that to the best of the officer's knowledge, the documents identified on the Listing of New Policy Forms or Annual Report provide all applicable mandated coverages and that such forms are in full compliance with all Colorado insurance laws and regulations;
 - d. For Listings of New Policy Forms and Annual Reports for claims-made liability insurance, the certification must include a statement that the policy forms identified on the Listing of New Policy Forms or Annual Report provide all applicable mandated coverages and that such forms are in full compliance with Colorado insurance laws and regulations; or
 - e. For Listings of New Contract Forms and Annual Reports for preneed funeral contracts (prototype contracts are excluded from this requirement), the contract seller must certify that, to the best of the seller's knowledge, each preneed funeral contract or form of assignment are in full compliance with all Colorado insurance laws and regulations;
7. The name and title of the officer signing the certification form and the date the certification form is signed;
8. The original signature of the officer. Signature stamps, photocopies or a signature on behalf of the officer are not acceptable. Electronic signatures must be in compliance with CRS 24-71.3-102 and applicable regulations.

Section 6 . Enforcement

Noncompliance with this regulation may result, after proper notice and hearing, in the imposition of all applicable sanctions made available in the Colorado statutes pertaining to the business of insurance or other laws, which include the imposition of fines and/or suspension or revocation of license.

Section 7 . 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 in any way.

Section 8 . Effective Date

This regulation will be effective February 1, 2004.

Section 9 . History

Originally issued as Emergency Regulation 92-1, effective July 22, 1992. Final Regulation 1-1-6 effective June 1, 1994. Amended Regulation 1-1-6 effective February 1, 2002. Amended Regulation 1-

1-6 effective June 1, 2003. Sections 1,2, 3, 8 and 9 amended effective February 1, 2004.

Repealed And Repromulgated (In Full) Regulation 1-1-7 MARKET CONDUCT RECORD RETENTION

Section 1 . Authority

Section 2 . Basis And Purpose

Section 3 . Definitions

Section 4 . Records Required for Market Conduct Purposes

Section 5 . Policy Records

Section 6 . Claim Records

Section 7 . Licensing Records

Section 8 . Complaint Records

Section 9 . Format Of Records

Section 10 . Location Of Records

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

Section 12 . Records Usually Required For Examination

Section 13 . Enforcement

Section 14 . Severability

Section 15 . Effective Date

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.

NEW REGULATION 1-1-8 Penalties And Timelines Concerning Division Inquiries And Document Requests

Section 1 Authority

Section 2 Background And Purpose

Section 3 Applicability And Scope

Section 4 Definitions

Section 5 Rules

Section 6 Enforcement

Section 7 Severability

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 Background And Purpose

The purpose of this regulation is to prescribe the time period in which all persons and entities shall respond to Division 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 of Insurance inquiries within the timeframes specified in this regulation.

Section 3 Applicability And Scope

This regulation shall apply to all persons and entities over whom the Division of Insurance has authority, including, but not limited to, producers, insurers, health maintenance organizations and insurance agencies for all lines of insurance. This regulation does not apply where a different timeframe for responding to Division of Insurance inquiries or providing documentation or information is specifically established by Colorado statute or Division of Insurance regulation.

Section 4 Definitions

As used in this regulation:

A. "Division" shall mean the Colorado Division of Insurance.

- B. "Incomplete response" shall mean a response that does not substantially address the inquiry, as determined by the Division.
- C. "Inquiry" shall mean any written Division request to any person, for documents, information or an explanation or response. Inquiry includes, but is not limited to, market conduct examination comment forms, financial examination request forms, and information requests arising from complaints received by the Division.
- D. "Examination Request/Comment Form" means 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., and includes:
 - 1) A written request from the examiner for books, records, materials, information, or data necessary for examination of the company's operations; and
 - 2) A written comment from the examiner which identifies concerns related to company actions and requires additional information 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 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 response to Examination Request/Comment Forms within ten (10) calendar days from the date on the form.
- B. Except for responses to Examination Request/Comment Forms, and unless another time period is specified by statute, regulation or by the Division in writing, every person shall provide a complete response in writing to any inquiry from the Division within thirty (30) calendar days from the date of the inquiry.
- C. If additional time is required to respond to any Division inquiry, the person shall submit a request for an extension of time in writing to the Division employee or examiner making the inquiry. The request for an extension of time shall be made within the original response period established in this regulation, and shall state in detail the reasons necessitating the extension. Extensions are granted at the discretion of the Division for good cause shown. When a request for extension is granted, the person shall respond within the new time period granted. If an extension is not granted, the person shall respond within ten (10) calendar days of the notice that the extension was not granted, and is subject to the imposition of appropriate penalties from the original due date.
- D. The Division will calculate the applicable time periods from the date of the correspondence from the Division to:
 - 1) if the response is mailed, the postmark date on the response;
 - 2) if the response is hand-delivered to the Division's offices, the date identified by the Division's date received stamp;
 - 3) if the response is hand-delivered directly to Division staff, Division representatives or examiners 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
 - 5) if the response is faxed, the date shown on the fax transmission sheet.
- E. Failure to provide a response, or providing an incomplete response to Division inquiries at any point in the handling of a matter, including during the course of a financial or market conduct examination, subjects the person to immediate imposition of a minimum \$500 fine per act or occurrence.

Section 6 Enforcement

Noncompliance with the requirements and timeframes specified in this regulation may result, after proper notice and hearing, in the imposition of any sanctions made available in 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 suspension or revocation of license.

Section 7 Severability

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

Section 8 Effective Date

This regulation is effective on June 2, 2003.

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.

REGULATION 1-2-1 CONCERNING AGENT FIDUCIARY RESPONSIBILITIES

I. AUTHORITY

This regulation is promulgated under the authority of §§ 10-1-108(8), 10-1-109, 10-2-220 and 10-3-1110, Colorado Revised Statutes (C.R.S.).

II. PURPOSE:

The purpose of this regulation is to clarify the responsibility of insurance agents and brokers 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.

III. RULE:

- A. No insurance premium or refund received by an insurance agent, broker 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 agent, broker, 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 must treat all premiums and returned premiums in a fiduciary capacity, including but not limited to the following:
 - 1. Upon receipt the insurance producer must treat all premiums and return premiums as trust funds and segregate them from his own funds, and
 - 2. the insurance producer must keep an accurate record of all fiduciary funds, and
 - 3. the insurance producer must not treat insurance premiums or returned premiums as a personal or business asset, and
 - 4. the insurance producer's financial statement should not reflect fiduciary funds as an asset or as income to the insurance producer, and
 - 5. an insurance producer may not use fiduciary funds as collateral for a personal or business

loan, but the insurance producer may receive interest on such funds and use as a compensation balance with the financial institution, 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.

Amended Regulation 1-2-4 CONTINUING EDUCATION REQUIREMENTS FOR LICENSED INSURANCE PRODUCERS

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 under the authority of § §10-1-109, 10-2-104, and 10-2-301(6) (a), Colorado Revised Statutes (C.R.S.).

Section 2 Scope And Purpose

This regulation establishes continuing education requirements for persons licensed to sell certain types of insurance. 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 to act as insurance producers in Colorado, with the

exception of those individuals licensed to write only one or more of the following lines: travel ticket selling, bail bonding, 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. 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 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 Colorado Division of Insurance.
- B. "Credit hour" is a value assigned to a course approved by the Division of Insurance.
- C. "Carryover credit hour" is a credit hour earned over and above the 24 hours of continuing education requirements 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 minutes of participation in an approved course in a classroom. Not more than ten minutes of any sixty-minute period may be used for breaks, roll taking, or administrative instructions.
- E. "Competency Examination" is a closed book examination taken and passed by a producer without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the producer, his immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.
- F. "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 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.
- G. "Sponsoring institution/instructor/organization" means the person or entity primarily responsible for conducting the course and maintaining records of successful course completion.

Section 5 Rules

A. Required Hours/Certification

After the first continuation cycle, every producer who is licensed in Colorado and not otherwise specifically exempted in this regulation shall complete 24 credit hours of approved courses biennially. At least 18 of the 24 credit hours shall be in approved courses in the authorities for which the producer is licensed. At least three (3) of the 24 hours of continuing education shall be

for courses in ethics. A maximum of six (6) of the 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 month period.
2. A producer who successfully completes an approved course may not repeat the course within a 2 year period and count it toward the required hours, except for courses dealing with statutory updates.
3. If a non-resident 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 non-resident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from Colorado on the same basis. Nonresident producers, 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 their 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 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 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/underwriting procedures. Approved courses must be insurance related and will not include courses or portions of courses on personal enrichment, sales training or sales information.

- b. Qualifications of the Instructor: A qualified instructor must teach the approved courses and/or examinations.
- c. Location: Both "in-classroom" and "self-study" including computer-based courses will be considered for approval:
 - (i) in-classroom' courses, including live webcast/video conference' courses, and
 - (ii) self-study' including computer-based courses, which are subject to the requirement for monitored competency examinations. Self study hours may include test book study, video study, and other electronic means of communication where a qualified instructor is not present.
- d. Competency Examinations. A self-study or computer-based course must be an approved course followed by a monitored competency examination administered by a disinterested third party. For the purposes of this subparagraph, a disinterested third party is someone who is not:
 - (i) a minor;
 - (ii) a relative of the producer;
 - (iii) the immediate supervisor of the producer, or
 - (iv) a person with an economic or other interest in assuring the successful outcome of the examination; Note: 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 assuring the successful outcome of the examination.' For example, co-employees or co-workers of the producer taking the competency examinations may administer the examination so long as the other requirements of this subparagraph 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.
- e. Designation of this third party is the responsibility of the course provider. The disinterested third-party must provide an affidavit attesting under oath or affirmation that the paper or electronic course examination was proctored, that the examination was provided in a manner specified by the Sponsoring institution/instructor/organization, and that they are not part of or aware of any efforts to circumvent the requirements of the examination and no attendee was permitted to use study materials or have assistance during the exam . Affidavit's must be submitted the date of the examination and should be received by the sponsoring organization within 15 business days. Sponsoring organizations must clearly identify the time frame 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 sponsoring organization within 15 business days and the sponsoring organization was paid. Self-study hours may include textbook study, video study, and other electronic means of communication.
- f. Accreditation: Courses which are provided by accredited institutions of higher education or which lead to nationally recognized professional insurance and insurance related designations shall be considered for automatic qualification based upon relevancy of content. But, an application must be filed with the Division of Insurance and a course number assigned. A qualified instructor must

also be established.

2. Application for Course Approval by Institutions/Instructors/ Organizations

- a. Courses shall be presented to the Commissioner for approval at least sixty (60) days in advance of the date on which the course is to be held. Any program of continuing education that is operated by a company with a qualified home office located in Colorado is not subject to course review and approval by the Commissioner as long as it does not contain information related to personal enrichment, sales training or sales information and the company will be required to obtain a course number and number of credit hours for the course.
- b. Applications shall be filed on a form prescribed by the Commissioner and shall include the following:
 - (i) An outline of the course;
 - (ii) A copy of the table of contents of textbooks used;
 - (iii) A sample competency examination, for self study/computer-based courses;
 - (iv) 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.;
 - (v) The number of hours proposed for the course;
 - (vi) The qualifications of the instructor(s);
 - (vii) The date of course initiation if known;
 - (viii) A postage paid, self-addressed envelope;
 - (ix) Self study courses must include a certification report of the number of pages in the book. Online courses must include a screen count, with extra minutes given if video(s) are included. Applications for self-study courses must include the number of pages in the book, excluding glossaries, indexes, tables of contents, and appendices. For Internet courses, a screen count is also required. If the required materials or information is not included, the course may be disapproved.

The following subjects/topics may not qualify:

- Any course used to prepare for taking an insurance license exam;
- Computer science and automation courses;
- Motivational, sales training, or psychology courses;
- Communication, relationship building;
- Prospecting, marketing, planning;
- Courses which are primarily intended to impart knowledge of office procedures, administrative matters, personnel issues;

- Service standards;
- Investment and other courses which do not show a direct connection to insurance;
- Time management;
- Courses on compliance (NASD/SEC);
- Service vendors;

(x) In addition to our standard approval requirements, webcast/video conferences must have a qualified instructor present to answer questions and take attendance.

- c. No course shall be offered or advertised as approved until the sponsoring institution has received written notification of its approval. The Division of Insurance shall approve or disapprove the course within 30 days of receipt of the application. Notification of the approval or disapproval will be sent to the sponsoring institution, instructor or organization and will be returned in the envelope provided.
- d. Once approved, a course may be offered until the expiration date without additional notice to the Division 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. Sponsoring Institutions/Instructors/Organizations

- a. Sponsoring institutions/instructors/organizations 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.

The sponsoring institution/instructor/organization shall file attendance and completion records with Promissor (formerly CAT*ASI) 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.

- c. The institution/instructor/organization responsible for the approved course must provide documentation of course completion to each producer who successfully completed the course within fifteen (15) working 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.

- d. Failure to comply as required in 1 through 3 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 24 credit hours on a biennial basis.
- b. Supporting documentation must be:
 - (i) Maintained by the producer for five years following license continuation; and
 - (ii) 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 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

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. 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. 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. 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 the 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 is effective January 1, 2007.

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)(iiiv), 5C2(b)(ix), 8.

Proposed Amended Regulation 1-2-5 Minimum Training Requirements For Insurance Producer Licensure

Section 1 Authority

Section 2 Scope And Purpose

Section 3 Applicability

Section 4 Training Requirements

Section 5 Methods Of Satisfying Training Requirements

Section 6 Instructor Qualifications

Section 7 Qualifying Courses Or Programs

Section 8 Program Or Course Standards

Section 9 Compliance

Section 10 Severability

Section 11 Further Information And Submittals

Section 12 Effective Date

Section 13 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

This regulation sets forth the requirements, procedures, and standards for prelicensure education as mandated by § 10-2-201, C.R.S., and incorporates changes made to § 10-2-202(1)(d), C.R.S. that became effective January 1, 2002. These are:

- A. The basic requirements for such training and the standards for courses and programs to qualify for approval by the Commissioner;
- B. The procedures and standards that the Commissioner will utilize in the approval of training courses and programs including those of individual insurance companies;
- C. The procedures for an applicant for a producer license to submit evidence that the training requirements have been met; and

The reciprocity requirements concerning prelicensure education for nonresidents.

Section 3. Applicability

The requirements and provisions of this regulation apply to new applicants and previously licensed producers attempting to reinstate a previously held license expired, suspended or revoked for more than one year.

Section 4. Training Requirements

The training requirements are 50 hours of approved course(s) or program(s) for a license showing the authority to write life insurance, 50 hours of training for a license showing the authority to write accident and health insurance, 50 hours of training for a license showing the authority to write property and casualty insurance, and 20 hours of training for a license showing the authority to write personal lines insurance. The following chart sets forth the hours required for each license authority.

Life Insurance	Accident & Health	Property & Casualty	Property & Casualty
.	.	Property	Casualty
50 hours	50 Hours	50 Hours	50 Hours

Training is required in the following areas:

Principles of Insurance	3 hours
Legal Concepts and Regulations	4 hours
Ethics	3 hours
Property Insurance	20 hours
Casualty Insurance	20 hours
Life Insurance	40 hours
Health Insurance	40 hours
Personal Lines	10 hours

For those individuals applying for more than one authority, the 3 hours of Principles of Insurance, the 3 hours of Ethics, and the 4 hours of Legal Concepts and Regulations need only be taken once.

The list of required curricula, including the required 9 hours of property and casualty core topics is set forth in Bulletin 13-94.

As stated in § 10-2-202(1)(d) and 10-2-501, C.R.S., prelicensure education may not be required of an individual who is applying for a nonresident license in Colorado provided they have satisfied prelicensure education requirements in their home state pertinent to the line or lines of authority being applied for in Colorado.

The certificate of prelicensing course completion is valid for one year from the completion of the course or passing of provider's self study proctored examination. If the year period expires before the student passes the licensing exam or applies for a license, the student will not be eligible to sit for another licensing examination for that type of license until the student completes another approved prelicensing education course for that license type.

Section 5. Methods Of Satisfying Training Requirements

The required training can be satisfied in the following ways:

- A. Completion of a baccalaureate degree program with a major in insurance from an accredited university or college;
- B.
 - 1. Professional designation through a recognized course of study, i.e., CLU, CPCU, AAI, RHU, CHFC, or other designation program approved by the Commissioner; or
 - 2. A combination of approved courses and or portions of approved professional designation programs totaling the 50-hour requirement;
- C. Completion of a full time prelicensure education program operated by a qualified domestic company or a company with a qualified home office located in Colorado; or
- D. Completion of approved courses or programs meeting the 50-hour requirement; or
- E. Satisfaction of a prelicensure course in the former state of licensure if entering Colorado on a letter of clearance pursuant to § 10-2-202(1)(c), C.R.S.

Any qualified instructor may receive credit for any approved course taught.

Section 6. Instructor Qualifications

Instructors must meet one or more of these criteria:

- A. Demonstrated competence in the subject area;
- B. A professional insurance designation; or

Academic qualifications (either by specific degree or by demonstrated experience in instructing or teaching).

Section 7. Qualifying Courses Or Programs

Any course or program must be submitted to the Commissioner for approval using the "Program of Training Approval Request" form set forth in Bulletin 13-94. 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:

- A. Course or program outline showing individual topic(s) to be covered and hours to be satisfied.
- B. 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,
- C. Instructor qualifications.
- D. Method of measuring satisfactory completion, and;
- E. Payment of a nonrefundable fee, currently \$20.00, as authorized by § 10-2-104, C.R.S. Once approved, a course may be offered for three years without additional notice to the Division of Insurance so long as the course content is not materially changed, except to reflect changes in the insurance laws.

Section 8. Program Or Course Standards

One of the following methods shall be used in measuring satisfactory completion of a course:

- A. Correspondence 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 a producer without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the producer, his/her immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.
- B. 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 a producer without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the producer, his/her immediate supervisor, or his/her employee. A score of 70% or above is required for the examinee to pass the examination.
- C. Passage of a nationally recognized insurance test for a professional designation will be evidence of successful completion.

Section 9. Compliance

The Division of Insurance or its designee may conduct audits of producers, 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 10 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 11 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 12 Effective Date

This regulation is effective March 31, 2007.

Section 13 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 1-2-6](#) Concerning Reinsurance Intermediaries

Section 1 Authority

Section 2 Basis And Purpose

Section 3 Reinsurance Intermediary License

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

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

Section 6 Severability

Section 7 Effective Date

Section 8 History

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.

Amended Regulation 1-2-7 Concerning Managing General Agents

Section 1 Authority

Section 2 Basis And Purpose

Section 3 General Provision

Section 4 Licensure

Section 5 Contract Provisions

Section 6 Independent Audit

Section 7 Annual Filing

Section 8 Fiduciary Accounting

Section 9 Severability

Section 10 Effective Date

Section 11 History

Section 1 . Authority

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

Section 2 Basis And Purpose

The purpose of this regulation is to establish standards and procedures when contracting with a managing general agent.

Section 3 . General Provision

- 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.

Section 4 Licensure

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.

Section 5 Contract Provisions

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 6 Independent Audit

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 current year. 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:

- A. amounts shown on the consolidated audited financial report shall be shown on the worksheet, and
- B. amounts for each entity shall be stated separately, and
- C. explanations of consolidating and eliminating entries shall be included.

Section 7 Annual Filing

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

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 Regulation 1-2-1.

Section 8 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 Regulation 1-2-1.

Section 9 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 10 Effective Date

This regulation shall become effective May 1, 2003.

Section 11 History

Originally effective June 1, 1994. Amended and effective April 1, 2000. Amended effective May 1, 2003.

Amended Regulation 1-2-9 Fees Charged By Producers

Section 1 Authority

Section 2 Basis and Purpose

Section 3 Rules

Section 4 Enforcement

Section 5 Severability

Section 6 Effective Date

Section 7 History

Section 1 Authority

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

Section 2 Basis and Purpose

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

Section 3 Rules

A. Fees Prohibited

Agreements between the insurer and insurance producers include a commission schedule which lists the producer's compensation for soliciting and acquiring insurance business. Insurers subsequently include these commissions and/or other acquisition expenses in their comprehensive rate filings and must justify these expenses to the Commissioner of Insurance. If insurance producers charge a separate fee in addition to those included as commissions in the insurers' rate filings, then premiums charged to the policyholders could be considered excessive.

Therefore, 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 and for servicing existing insurance policyholders. These services may include, but are not limited to: inspections; quoting premiums; issuing policies; signing policies; examining and mailing policies, applications and daily reports; compiling figures for accounts current and mailing billing notices;

correspondence and other bookkeeping and clerical work; issuing certificates of insurance and endorsements; issuing proof of insurance cards and notices (SR-22's); making copies of insurance documents; and taking loss information. 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 policyholders.

The prohibition in this section shall not apply to insurance wholesale intermediaries; however, insurance wholesale intermediaries must advise the insurance producer, as the representative of the consumer, in writing, that "the cost of the insurance coverage provided herein includes a fee to a wholesale intermediary in addition to the premium charges." For the purpose of this regulation a wholesale intermediary is a person or organization that deals directly with a licensed retail producer and not with a consumer.

Insurance producers may not condition the placement of insurance upon the provision of other services for which fees may be charged.

B. Fees Allowed

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 the client signs a disclosure statement in advance of the performance of the specific services, which states that the client 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.

C. Maintenance of Records

The insurance producer shall retain a copy of the disclosure statement for not less than three (3) years after completion of services and a copy shall be available to the commissioner upon request.

Section 4 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 and/or suspension or revocation of an insurance producer's license.

Section 5 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 and the application of such provision shall not be affected.

Section 6 Effective Date

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

Section 7 History

Issued As New Regulation Effective June 1, 1994. Regulation Amended, Effective September 1, 2003.

Amended Regulation 1-2-10 Concerning The Regulation Of Insurance Producers By The Colorado Division Of Insurance: Colorado Producer Licensing Model Act

Section 1 Authority

Section 2 Background and Purpose

Section 3 Definitions

Section 4 License Examination

Section 5 Insurance Producer License

Section 6 List of Contractually Authorized Producers

Section 7 Designation of Responsible Producer and Agency Registration of Producers

Section 8 Producer Registration of Assumed (Trade) Name

Section 9 Health Maintenance Organizations And Nonprofit Hospital, Medical-Surgical And Health Service Corporations

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 Effective Date

Section 15 History

Section 1 Authority

This regulation is promulgated under the authority of § 10-1-109, 10-2-104, 10-2-407, 10-2-413, 10-16-414, and 12-7-102(3), C.R.S.

Section 2 Background And Purpose

This regulation sets forth the terms and conditions for licensing insurance producers. 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 Definitions

“Business entity” means a corporation, association, partnership, limited liability company, limited liability partnership, or other legal entity.

Section 4 License Examination

Applicants shall pass the examination as approved by the Commissioner for each 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 Promissor or the Division of Insurance, 1560 Broadway, Suite 850, Denver, Colorado 80202. The candidate shall pay a fee to the test administrator (Promissor) for administering the examination, plus the license fee shown in Section 12 of this regulation. Except where supporting documentation requires further review by the Division of Insurance, an applicant may apply for a temporary license at the assessment center. To be eligible for a temporary license the applicant must make a reservation within the appropriate lead time period, pass the examination, meet the minimum licensing requirements as set forth in the Candidate Handbook, and pay the appropriate fees.

Non-resident producers may not be subject to examination pursuant to § 10-2-403, C.R.S.

Any individual life insurance producer applying for license qualification to include variable contracts must furnish evidence that he or she has a current NASD (National Association Of Security Dealers) registration and evidence that they have passed the series 6, 63, or 7 exams. Life insurance producers that have not taken and passed one of these exams will not be permitted to solicit the sale of these variable contracts.

Section 5 Insurance Producer License

A. Initial Application

1. Each applicant for a producer license shall make application for the license on a form prescribed by the Commissioner and pay the fee specified in Section 11. Procedures for filing the application for license shall be outlined in the Candidate Handbook. The Commissioner may 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 assure that the applicant has met the requirements §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. this will be considered grounds for discipline.
2. Each applicant for a resident insurance producer license with bail bonding authority shall make application for a license on a form prescribed by the Commissioner and pay the fee specified in Section 11. Procedures for filing the application for license shall be outlined in the Bail Bonding Agent Candidate Handbook. This regulation does not authorize the licensure of non-resident bail bonding agents. No firm, partnership, association, or corporation shall be licensed as an insurance producer with Bail Bonding authority.
3. The requirements for a non-resident 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.
4. Any person holding either a Colorado insurance producer license, a resident surplus lines license, or the equivalent issued by another state or territory that offers Colorado surplus lines producers' nonresident licenses on a reciprocal basis can be licensed as a surplus lines producer as long as the producer conducts business in accordance with the provisions of Colorado's statutes and promptly remits the taxes required by § 10-5-111, C.R.S.

5. All initial applications must be complete, e.g. prelicensing taken, appropriate tests passed for the applied lines of authority, all questions answered truthfully and completely, supporting information provided, be signed and the appropriate fees paid in full.

B. Continuation of Producer License

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 days prior to the month the license is due to be continued, the Commissioner shall notify the producer, at the last address on file with the Commissioner, of the requirements necessary to continue the license. This notification shall include a transcript of the continuing education credits earned by the producer during the preceding licensing period and an invoice for payment of the continuation fee specified in Section 11. The invoice and payment of fee must be postmarked or hand delivered on or before the last day of the producer's birth month. This Regulation will also apply to on-line submission of continuation forms.

This year-round continuation will not apply to bail bonds. Resident insurance producer licenses with bail bonding authority shall expire biennially on January 1. Such licenses may be renewed by submitting a renewal application form prescribed by the Commissioner, meeting the requirements for renewal, and paying the fee specified in Section 11.

C. Reinstatement Due To Failure To Continue License

Invoices postmarked or hand delivered after the last day of the producer's birth month will be returned to the producer unprocessed. When the invoice has been returned to the producer unprocessed, the license will be considered to have expired as of the first day of the month following the producer's birth month. The producer must then apply for reinstatement of the license using forms prescribed by the Commissioner and payment of the initial insurance producer license fee specified in Section 11.

The producer may reinstate the license until the last day of their birth month in the year following the non-continuation of the license. After that date, the producer shall be required to apply for an initial license, including the need to complete a new prelicensing education course if required for the line of authority, and pass the examination for the authorities being applied for.

D. Duplicate License

Upon submission of an affidavit by the producer that a license has been lost or destroyed, a duplicate license shall be issued to a licensed producer.

E. Amending Licenses

1. Lines of Authority

- a. Adding Lines of Authority: 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 11. The procedures for meeting the minimum qualifications are outlined in the Candidate Handbook available from the test administrator or the Division of Insurance.
- b. Deleting Lines of Authority: 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 designee.

F. Letter of Certification

A producer may request a letter of certification by submitting a written request to the Commissioner or designee, however letters of certification will not be required of those applicants whose home state participates in the producer data base, administered by the National Association of Insurance Commissioners.

If a letter of certification from another state for a nonresident license in Colorado is submitted, it must be dated no more than 90 days prior to date of receipt by the Division of Insurance.

The commissioner may verify the producer's licensing status through the producer database maintained by the National Association of Insurance Commissioners.

G. Letter of Clearance

A producer may request a letter of clearance by submitting a written request to the Commissioner or designee. Prior to issuance of the letter of clearance, the producer must surrender the license for cancellation. In the event that the producer does not have the license, the producer must certify in writing that it has been lost or destroyed.

Section 6 List Of Contractually Authorized Producers

Carriers are reminded that they must comply with the provisions of §10-2-416.5, 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, 10-2-415.7, C.R.S. and Division of Insurance Regulation 1-2-16.

Section 7 Designation Of Responsible Producer And Agency Registration Of Producers

Pursuant to §10-2-404(2)(a-f), C.R.S., each agency must designate the following:

- A. **Responsible Producer** - Each insurance agency must designate 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 .
- B. **All Licensed Officers, Directors, Partners, or Owners** - Each 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.
- C. **Designation of Producer for Each Line of Authority Held by the Agency** - Each agency or business entity must appoint at least one 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.
- D. **Employees** - Agencies must also register with the Division of Insurance the name of each employee of the agency that is acting as and is licensed as an insurance producer.

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 8 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 to one currently on file, that would mislead the public, or 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 9 Health Maintenance Organizations And Nonprofit Hospital, Medical-Surgical And Health Service Corporations

A. Qualification to Transact Insurance Business for an HMO or a Nonprofit Hospital, Medical-Surgical and Health Service Corporation

Any person who engages in solicitation or enrollment of membership in a health maintenance organization or nonprofit hospital, medical-surgical and health service corporation is considered a producer and must be licensed by the Commissioner of Insurance. A person, who only performs administrative or clerical services by securing information for the purposes of group coverage, or of enrolling individuals under group coverage, or of issuing evidence of such coverage on behalf of the HMO or nonprofit hospital, medical-surgical and health service corporation, is not considered a producer and is not required to be licensed.

B. HMO and Nonprofit Authority

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 on or after January 1, 2002, pursuant to section 10-2-402(11), C.R.S.

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, their license shall be cancelled. They will have the opportunity to reinstate their license within one year after cancellation. If the producer fails to reinstate their 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.

Section 10 Insurer Reporting Requirements Concerning Termination of Insurance Producer By An Insurer For Cause

Effective January 1, 2002, §10-2-416, C.R.S. imposes penalties including revocation of the certificate of authority if 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 30 days following the effective date of the termination; or if 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 section 10-2-416, C.R.S., for the duties and ongoing notification requirements of the insurer.

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 and the reason for termination and any documents that were used to support the action. 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 activities in Article 2 or Article 3 of Title 10, C.R.S., provide any documents or information pertaining to those activities.

Section 11 Producer Reporting Requirements For Administrative and Criminal Prosecutions

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 days after the final disposition of the matter. This report must include a copy of the order, consent to order, or other relevant documents.

In the event of criminal prosecution in any jurisdiction, the producer or business entity must report this to the commissioner within thirty 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 shall be as follows. During the period where licenses are being phased into the year-round continuation cycle, fees will be prorated. Applicants can contact Promissor with questions about prorated fees.

	Fee	Penalty for Noncompliance or Late Filing
Examination Fees		
<i>License Examination</i>	\$73.00	N/A
License Fees		
<i>Initial Insurance Producer License</i>		
Resident (Per authority applied for on the same Application)	\$52.50 per authority	N/A
Nonresident (Per authority applied for on the same Application)	\$93.50 per authority	N/A
<i>Initial Public Insurance Adjuster</i>		
Resident	\$52.50	
Non-Resident	\$93.50	N/A
<i>Initial Surplus Lines Producer</i>		
Resident	\$269.00	
Nonresident	\$409.00	
<i>Initial Bail Bonding Agent Producer</i>		
Professional Cash Bail Agent	\$248.00	
Bond Writing Change Authority	\$49.00	
<i>Continuation of Producer/Public Insurance Adjuster License</i>		
Resident (Per authority)	\$13.50 per authority	
Nonresident (Per authority)	\$41.50 per authority	
<i>Renewal Of Surplus Lines</i>		
Resident	\$269 Per Authority	
Non Resident	\$409 Per Authority	
<i>Renewal of Bail Bonding Agent</i>	\$248.00	
<i>Appointment Renewal of Bond Agent</i>	\$24.00	

All fees paid pursuant to this regulation are non-refundable. Fees are payable by cash, personal check, money order, certified or cashier's check, or credit card.

If fees are paid by personal check or credit card, and the check is returned by the bank for any reason, or if 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 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 Effective Date

This regulation shall be effective December 1, 2005.

Section 15 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 1-1-10, effective December 1, 2005.

For further information concerning this regulation, please contact:

Licensing Administrator, Division of Insurance
1560 Broadway, Suite 850
Denver, Colorado 80202
303-894-7499

Amended Regulation 1-2-11 Standards For Surety Bail Bonding Agent and Professional Cash Bail Agent Prelicensure Education Courses And Programs

Section 1 Authority

Section 2 Scope And Purpose

Section 3 Applicability

Section 4 Definitions

Section 5 Prelicensure Education Requirements

Section 6 Curriculum And Topics

Section 7 Methods Of Satisfying Prelicensure Education Requirement

Section 8 Instructor Qualifications

Section 9 Qualifying Course Or Program

Section 10 Program Or Course Standards

Section 11 Proof Of Compliance

Section 12 Certification of Compliance With P.O.S.T. Curriculum For Bail Recovery Courses

Section 13 Severability

Section 14 Enforcement

Section 15 Further Information And Submittals

Section 16 Effective Date

Section 17 History

Section 1 Authority

This regulation is promulgated under the authority of § 10-1-109, C.R.S., and § 12-7-102(3), C.R.S. & §

12-7-102.5(8), C.R.S.

Section 2 Scope And Purpose

- A. Pursuant to § 12-7-102.5(1)(b), C.R.S., effective January 1, 1999, applicants for licensure as surety bail bonding agents must complete bail recovery courses which comply with the curriculum developed by the Colorado Peace Officers Standards and Training Board (P.O.S.T.).
- B. The purpose of this regulation is to specify the requirements, procedures and standards necessary to implement the Bail Bonding prelicensure education requirements mandated by § -12-7-102.5(1)(a), C.R.S. and 12-7-102.5(6), C.R.S. including:
1. The basic requirements and standards for prelicensure education courses and programs;
 2. The procedures and standards which the Commissioner of Insurance will utilize in the approval of prelicensure education courses and programs, including those offered by insurance companies;
 3. The procedure whereby an applicant applying for a surety bail bonding agent license or professional cash bail agent license shall submit evidence that the prelicensure education requirements have been met;
 4. The procedures and requirements for approval of courses or programs providing prelicensure education and all required information or materials to be included in any application for approval, and
 5. General requirements for course content.
- C. This regulation also establishes the certification surety bail bonding agent applicants must submit to demonstrate completion of a bail recovery program which complies with the P.O.S.T. curriculum established by P.O.S.T. pursuant to §12-7-102.5(1)(b), C.R.S.

Section 3 Applicability

The requirements and provisions of this regulation apply to new bail bond applicants and previously licensed bail bond agents attempting to reinstate a previously held license expired, suspended, non-renewed or revoked for more than one year.

Section 4 Definitions

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

“Course” shall mean a prelicensure education class designed to satisfy the hourly requirements for one of the areas of prelicensure education listed in Section 4 below.

“Program” shall mean a prelicensure education class(es) offered by a single provider which is designed to satisfy the hourly requirements of two or more of the areas of prelicensure education listed in Section 4 below.

“Provider” shall mean a person, company or organization of any type providing prelicensure education courses or programs which have been approved by the Commissioner of Insurance.

Section 5 Section 12-7-102.5(1)(a) & (6) Prelicensure Education Requirements

Prelicensure education shall consist of at least eight clock hours:

- Two of which shall concern the criminal court system;
- Two of which shall concern bail bond industry ethics; and
- Four of which shall concern the laws relating to bail bonds.

Section 6 Section 12-7-102.5(1)(a) Curriculum And Topics

A. THE CRIMINAL COURT SYSTEM - (2 HOURS), *which shall be covered either by lecture and/or written materials:*

bail bond procedures

apprehension

discharging bail

recommitment of defendant

court forfeitures

B. BAIL BOND INDUSTRY ETHICS - (2 HOURS), *which shall be covered either by lecture and/or written materials:*

commingling of collateral with agent's personal property

illegal referrals and payments

fiduciary responsibility

payment and acceptance of commissions, fees and premiums

contractual agreements

record keeping

unfair trade practices

misrepresentation

disposal of collateral

rebating and prohibited inducements

brokering bonds

C. LAWS RELATING TO BAIL BONDS - (4 HOURS), *which shall be covered either by lecture and/or by written materials:*

Bail bonding agent liability	Responsible individually for all actions
Bonds agents may not write:	Surety bond
.	Immigration bonds

.	Civil bonds
.	Appeal bonds
Bonds agents may write:	Bail bonds
Cancellation of agent's contract with insurance company	Procedure
.	Liability of agent
Collateral	Receipts, retain without use, liability
.	Limit of agent's interest
.	Return of collateral upon exoneration
.	Disposing/selling of collateral
.	Proper notification of disposal/sale
Contracts and written agreements	Bail agreement, premium payment plan, collateral, storage, bond revocation
.	Guarantor agreement
Definitions:	Producer
.	Bail bonding agent/surety, cash, and professional cash
.	Insurance company
.	Compensated surety
.	Bail insurance company
.	Bail
.	Bond
.	Recognizance
.	Principal/defendant
.	Obligor
.	Obligee
.	Indemnity/cosigner
.	Collateral
.	Judgment
.	Forfeitures
.	Certified bond
.	On the board / board system
.	Power-of-attorney
.	Recognizance
.	Colorado Bureau of Investigations (CBI)

.	N.C.I.C.
.	Bail recovery agent
.	Division of Insurance
.	Commissioner of Insurance
.	Fiduciary
.	Peace Officer Standards and Training (P.O.S.T.)
.	District Attorney
Employee supervision	Bail Recovery Agents
Examination procedures	.
Fees	Bond filing fees, storage fees
Fiduciary responsibilities	Separate accounts
.	Court ordered return of premium
Forfeitures	Agent/company liability
.	Division procedure
.	Proof of satisfaction
.	Penalties
Illegal fees:	Consent fees, credit card fees, storage fees, court ordered bond reductions and increases
Insurance Division	Powers and duties, expectations, policies
.	Regulations and Bulletin
.	Notices
License denial, suspension, Revocation	Notice of hearing and charges
.	Duty to answer
Licensing requirements and eligibility	Age, conviction history
.	Prior showing of dishonesty or misappropriation of moneys when in a position of trust
Liens	Personal property, vehicles, real property, UCC compliance
.	UCCC/premium financing compliance
.	Timely providing release

.	No trade names on liens
Miscellaneous license fees and penalties	Renewal, address changes, trade names, bond amendment
Penalties	Stipulation in lieu of hearing, fines, suspension, revocation
Posting of bail	Time limit/refunds
.	Cash bonds/surety bonds
Premium, commissions	Rates set by company, responsibility/contractual agreement with company, remittance to company
Receipts	Provide and retain receipts
.	Premium and collateral description
Record keeping	Retention period of collateral reports and other records and reports
Reporting and taxing requirements	Agent's responsibility to timely file
.	Filing, format, specific information
.	Tax payments
Trade names	Registration required

D. If any of the topics set forth in these sections above will not be covered in the lecture portion of the course or program, the approval request shall so note and affirm that those areas shall be covered in the written course or program materials.

Section 7 Methods Of Satisfying Section 12-7-102.5(1)(a) & (6) Prelicensure Education Requirement

The prelicensure education requirement shall be satisfied in one of the following ways:

- A. Completion of an approved prelicensure education program operated by a qualified foreign or domestic insurance company, which complies with the 8 hours requirement.
- B. Completion of prelicensure education offered by approved providers and meeting the 8 hour requirement.
- C. If entering Colorado on a letter of clearance, satisfaction of a prelicensure education course in the former state of licensure.
- D. Any qualified instructor may receive credit for any approved course taught.
- E. The certificate of prelicensure course completion is valid for one year from the completion of the

course or passing of provider's self study proctored examination. If the year period expires before the applicant passes the licensing exam or applies for a license, the applicant will not be eligible to sit for bail bond examination until the applicant completes another approved-prelicensure education course.

Section 8 Instructor Qualifications

Instructors teaching §12-7-105.5(1)(a) & (6), C.R.S. prelicensure courses must meet one or more of these criteria:

- A. Demonstrated competence in the subject area;
- B. A professional insurance designation, or;
- C. Academic qualifications (either by specific degree or by demonstrated experience in instructing or teaching).

Section 9 Qualifying Course Or Program

A. Any course or program teaching §12-7-105.5(1)(a) & (6), C.R.S. prelicensure courses must be submitted to the Commissioner of Insurance for approval using the Application for Bail Bonding Agent Prelicensure Education Course or Program Approval form set forth in Bulletin 7-99. The request must be accompanied by the following:

1. Course or program outline showing the topic(s) to be covered and hours to be satisfied;
2. Copies of all unpublished study materials. Published texts or other study materials require submission of the title, edition date and publisher. The Division may request published text or materials, as necessary;
3. Instructor qualifications, including information sufficient to meet one or more of the instructor criteria set forth in Section 7;
4. Method of measuring satisfactory course or program completion, and;
5. Payment of a non-refundable \$20.00 fee established by the Commissioner of Insurance pursuant to § 10-2-413, C.R.S.

B. Once approved, a course or program may be offered for three (3) years without additional notice to the Division of Insurance, so long as the course or program content is not materially changed, except to reflect changes in the insurance and criminal laws.

Section 10 Section 12-7-102.5(1)(a), & (6) Program Or Course Standards

One of the following methods shall be used in measuring satisfactory completion of a course or program:

- A. Correspondence instruction must include a final examination that is monitored and certified to by a disinterested third party. The final examination is a closed book examination taken and passed by a producer without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the producer, his/her immediate supervisor or his/her employee. A score of 70% or above is required for the examinee to pass the examination. Designation of this third party is the responsibility of the course provider. Such examination shall not be counted towards the required clock hours of instruction, or;
- B. Classroom instruction must include a final examination that is monitored by a qualified instructor from

the providing organization. The final examination is a closed book examination taken and passed by a producer without assistance and personally monitored by a disinterested third party, who is not a minor, not related to the producer, his/her immediate supervisor or his/her employee. A score of 70% or above is required for the examinee to pass the examination. Such examination shall not be counted toward the required clock hours of instruction.

Section 11 Proof Of Compliance With Requirements For Section 12-7-102.5(1)(a) & (6) Prelicensure Education Course Requirements

The provider will give proof of compliance to the applicant on the form set forth in Bulletin 7-99. The Surety Bail Bonding Agent applicant will supply Certificate of Completion form(s) to the Assessment Center at the time of taking the surety bail bonding agent examination, as evidence of successful completion of the course or program. No exam is required for licensure as a Professional Cash Bail Agent. The provider will retain records of those individuals completing the course for a period of three (3) years.

Section 12 Certification Of Compliance With P.O.S.T. Curriculum For Bail Recovery

- A. Bail Bonding Agent applicants are required to complete prelicensure bail recovery training which complies with the P.O.S.T. curriculum established pursuant to §12-7-102.5(1)(b), C.R.S.
- B. Bail Bonding Agent applicants shall submit to the Division of Insurance a Certificate of Completion of bail recovery training which complies with the curriculum established by P.O.S.T. pursuant to Section 12-7-102.5(1)(b), C.R.S. Copies of the P.O.S.T. curriculum and copies of the Certificate of Completion are available in Insurance Bulletin 7-99. The Certificate of Completion shall certify that the training complies with the P.O.S.T. bail recovery training curriculum.

Section 13 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 14 Enforcement

- A. The Division of Insurance or its designee may conduct audits of producers, 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 §12-7-105.5(1)(a) & (6), C.R.S., § 10-2-203, C.R.S. and this regulation.
- B. Noncompliance with this regulation or the applicable provisions of Title 10 or Title 12, C.R.S., by institutions/instructors/organizations conducting approved courses may result in termination of course approval.

Section 15 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 16 Effective Date

This amended regulation shall become effective March 31, 2007.

Section 17 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 1-2-12](#) Concerning Public Insurance Adjusters

Section 1 . Authority

Section 2 . Basis And Purpose

Section 3 . Rules

Section 4 . Enforcement

Section 5 . Severability

Section 6 . Effective Date

Section 7 . History

Section 1 . Authority

This regulation is promulgated under the authority of §10-2-417, C.R.S. and 10-3-1110, C.R.S.

Section 2 . Basis And Purpose

This regulation sets forth the terms and conditions for licensing public insurance adjusters, and defines public insurance adjuster.

Section 3 . Rules

A. Definition of Public Insurance Adjuster

A Public Insurance Adjuster is defined as: An adjuster who works as an independent contractor and represents an insured on a fee basis in settlement of claims.

B. General Requirements

To be licensed as a public insurance adjuster, an applicant must meet the following requirements:

- be at least 18 years of age,
- be trustworthy,
- file a completed application on a form prescribed by the Commissioner,
- file all service contracts that will be used by the public insurance adjuster.

C. License Examination

An applicant must personally pass a written examination.

The examination shall reasonably test the individual's minimum level of competence in the field of public insurance adjusting, and shall reasonably test the applicant's knowledge relative to fire and allied lines of insurance and the duties and responsibilities under the license. A portion of the examination shall deal with pertinent Colorado Laws, Rules and Regulations. The Commissioner shall give, conduct and grade all examinations, or the Commissioner may arrange to have examinations administered and graded by an independent testing service, as specified by contract, in a fair and impartial manner and without discrimination as to individuals examined. The Commissioner may arrange for such testing service to recover the cost of the examination fee from the applicant. An individual who fails to pass the examination may remit the required fee and any forms required to retake the failed examination.

The examination shall not apply to the following:

- an applicant who, during the three-year period preceding date of application, has engaged in the investigation or adjustment of losses arising under insurance contracts;
- an applicant for reinstatement of a license that has been inactive for one year or less;
- individuals licensed as public insurance adjusters on December 31, 1994. Such individuals will be "grandfathered" in for a new license under this regulation; however, the public insurance adjuster must file with the Commissioner an application for the license, meet the requirements in Section III of this regulation, and pay the appropriate fee; or
- a nonresident applicant who furnishes a current letter of certification from the home state stating that the applicant is currently licensed as a public insurance adjuster and that there are no complaints pending.

D. Public Insurance Adjuster License

1. Term of License

The producer license shall be a perpetual license with a Public Insurance Adjuster authority that is subject to payment of a continuation fee by the last day of the Public Insurance Adjuster's birth month during the second year after issuance of the license, and then by the last day of the Public Insurance Adjuster's birth month every other year thereafter. Ninety days prior to the month the license is due to be continued, the Commissioner shall notify the Public Insurance Adjuster at the last address on file with the Commissioner, of the requirements necessary to continue the license. This notification shall include an invoice for payment of the continuation fee specified in section 11 of regulation 1-2-10. The Invoice and payment of fee must be postmarked or hand delivered on or before the last day of the Public Insurance Adjuster's birth month.

2. Continuation of License

Invoices postmarked or hand delivered after the last day of the Public Insurance Adjuster's Birth Month will be returned to the Public Insurance Adjuster unprocessed. When the invoice has been returned to the Public Insurance Adjuster unprocessed, the license will be considered to have expired as of the first day of the month following the Public Insurance Adjuster's birth month. The Public Insurance Adjuster must then reapply for reinstatement of the license using the forms prescribed by the commissioner and payment of the initial insurance producer license fee specified in section 11 of regulation 1-2-10.

3. Penalties for Late Continuation

For licenses due to continue 1/1/2003, payments and invoices must be postmarked or hand delivered during the month of December. Invoices postmarked or hand delivered after December 31 will be returned to the public insurance adjuster unprocessed. When the invoice has been returned unprocessed, the license will be considered to have expired as of December 31. The public insurance adjuster must then apply for reinstatement of the license using the forms prescribed by the Commissioner and payment of the initial public insurance adjuster license fee specified in Regulation 1-2-10. For licenses due to continue 1/1/2004 and subsequent years, payments and invoices must be postmarked or hand-delivered during the producer's birth month. Invoices postmarked or hand-delivered after the producer's birth month will be returned unprocessed, and the license will be considered to have expired as of the first day following the producer's birth month.

4. Duplicate License

Upon submission of an affidavit by the public insurance adjuster that a license has been lost or destroyed, a duplicate license shall be issued to a licensed public insurance adjuster upon receipt of a written request specified in §10-2-411, C.R.S.

5. Changes to Producer Licenses

Requests for name changes, address changes, or for any changes to the producer license must be submitted in writing to the Commissioner or designee.

6. Letter of Certification

A public insurance adjuster may request a letter of certification by submission of a written request to the Commissioner or designee.

A letter of certification, from another state for a nonresident license in Colorado, must be dated no more than 90 days prior to date of receipt by the Division of Insurance.

7. Letter of Clearance

A public insurance adjuster may request a letter of clearance by submission of a written request to the Commissioner or designee. Prior to issuance of the letter of clearance, the public insurance adjuster must surrender the license for cancellation. In the event that the public insurance adjuster does not have the license, the public insurance adjuster shall certify in writing that it has been lost or destroyed.

E. Non-Resident Licensure

In the event of a catastrophe or emergency, the Commissioner may issue a certificate of registration to a foreign licensed public insurance adjuster for the period of the emergency as the Commissioner may determine, but not to exceed six months. This certificate shall be issued upon completion of an application as prescribed by the Commissioner and accompanied by a current letter of certification from the home

jurisdiction of the public insurance adjuster.

F. Fees

Please refer to fee schedule in regulation 1-2-10.

Section 4 . Enforcement

Noncompliance with this regulation may result, after proper notice and hearing, in the imposition of the sanctions made available in the Colorado Statutes pertaining to the business of insurance or other laws which include the imposition of fines and/or suspension or revocation of license. Noncompliance with this regulation constitutes the unfair business of insurance as defined by 10-3-1104, C.R.S.

Section 5 . 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 thereby.

Section 6 . Effective Date

This regulation shall become effective May 1, 2003.

Section 7 . History

New, effective December 1, 1995. Amended, effective November 1, 1997. Amended, effective January 1, 2001. Amended, effective May 1, 2003.

Amended Regulation 1-2-13 Cash Bonding Agent and Professional Cash Bail Agent Reporting Requirements and Tax Payment Method and Licensure Requirements for Professional Cash Bail Agents

Section 1 Authority

Section 2 Background And Purpose

Section 3 Forms, Reports and Records

Section 4 Tax on Bail Bond Fees

Section 5 Qualification Bond

Section 6 Qualifications for Licensure as a Professional Cash Bail Agent

Section 7 Noncompliance and Penalties

Section 8 Severability

Section 9 Effective Date

Section 10 History

Section 1 Authority

This regulation is promulgated under the authority of §10-1-109(1), C.R.S, and 12-7-102(3), C.R.S.

Section 2 Background And Purpose

- A. This regulation describes the information which is required to be filed by Cash Bonding Agents and Professional Cash Bail Agents with the Division of Insurance, and the format which must be used in the semiannual reports. It also describes the method for the calculation and payment of taxes on fees charged by Cash Bonding Agents and Professional Cash Bail Agents.
- B. Pursuant to § 12-7-103(3) & (8) C.R.S., Cash Bonding Agents and Professional Cash Bail Agents are required to post a qualification bond in the amount of \$50,000 to secure payment of defaulted bonds and to pay any final, nonappealable judgment for failure to return collateral, including costs and attorney's fees, if awarded. This regulation sets the terms and conditions for such qualification bonds.
- C.1. Effective January 1, 2000, a new category of bail bonding agent known as Professional Cash Bail Agent was added to Article 7, Title 12, C.R.S. Professional Cash Bail Agents will be licensed to transact bail bond business without posting a power-of-attorney from an authorized insurance company.
 - 2. The Professional Cash Bail Agent designation will only be granted to agents who meet the statutory requirements for such designation.

Section 3 Forms, Reports And Records

- A. Each Cash Bonding Agent and Professional Cash Bail Agent shall report the following information to the Division on the forms prescribed by the Division and attached hereto as Appendix I. The reports shall be made semiannually and shall be filed with the Division prior to July 31 for business written for the six month period between January and June, and prior to January 31 for business written during the six month period from July through December.
- B. These reports shall contain the following information:
 - 1. The names of the persons for whom such bail bonding agent has become surety.
 - 2. The date the bond was written.
 - 3. The amount of the bonds issued by such bail bonding agent.
 - 4. The court in which such bonds were posted.
 - 5. The fee for each bond charged by the bail bonding agent.
 - 6. The amount of collateral or security received from insured principals or persons acting on behalf of such principals by such bail bonding agent on each bond.
 - 7. Finalized total amount of premiums, commissions or fees charged.
 - 8. Such further information as the Division may require including, but not limited to, residence and business addresses, financial statements and other business activities of the bail bonding agent.
- C. If a Cash Bonding Agent or Professional Cash Bail Agent did not write any bail bonds during the particular 6 month reporting period, the individual must file a report stating "no bonds written" during this time period.

Section 4 Tax On Bail Bond Fees

- A. Each Cash Bonding Agent and Professional Cash Bail Agent shall pay to the Division a tax on the fee charged for bail. The rate of tax on the gross fee shall be one percent as set forth in §10-3-209(1)(b)(I)(B), C.R.S. All applicable provisions of Section 10-3-209(1), C.R.S. shall apply to the agent.
- B. The taxes provided for in §12-7-111, C.R.S. and §10-3-209, C.R.S. shall be due and payable to the Division on the first day of March in each year.
- C. Cash Bonding Agents and Professional Cash Bail Agents shall file copies of the affidavit/summary pages from the bail bonding agent's January 31 and July 31 semiannual bail bond reports to the Division with the tax payment (SEE APPENDIX I).

Section 5 Qualification Bond

- A.1. The qualification bond deposited by a Cash Bonding Agent shall be held in the name of the Colorado Division of Insurance. This qualification bond must consist of assets which may be immediately liquidated by the Division of Insurance. The bond must be worth \$50,000 net of any penalty for withdrawal or liquidation. If the qualification bond does not comply with this Section 5, the Cash Bonding Agent will be required to substitute another qualification bond or to provide additional security. If the qualification bond is an interest bearing instrument, the Cash Bonding Agent may receive interest thereon, unless the principal amount of the qualification bond has fallen below the required \$50,000.
 - 2. If the Cash Bonding Agent posts a surety bond with the Division to satisfy the qualification bond requirement, the surety bond:
 - a. Must be a claims made bond.
 - b. Must be payable upon demand by the Division, with no right for the surety company to raise any defense to payment.
 - c. May not be canceled by the surety company or the Cash Bonding Agent without thirty days notice to the Division. Said notice shall include affidavits, in a form provided by the Division, from the clerk of every court in which the Cash Bonding Agent has posted a cash bail bond. The affidavit shall state that the Cash Bonding Agent has no cash bail bonds outstanding in that court.
- B.1. The qualification bond deposited by a Professional Cash Bail Agent shall be held in the name of the Colorado Division of Insurance. The Division must be able to immediately liquidate the bond. The bond must be worth no less than \$50,000 net of any penalty for withdrawal or liquidation. If the qualification bond does not comply with this Section 5, the Professional Cash Bail Agent will be required to substitute another qualification bond or to provide additional security. If the qualification bond is an interest bearing instrument, the Professional Cash Bail Agent may receive interest thereon, unless the principal amount of the qualification bond has fallen below the amount required to support the bond writing authority on the Professional Cash Bail Agent's license.
 - 2. If the Professional Cash Bail Agent posts a surety bond with the Division to satisfy the qualification bond requirement, the surety bond:
 - a. Must be a claims made bond.
 - b. Must be payable upon demand by the Division, with no right for the surety company to raise any defense to payment.

- c. May not be canceled by the surety company or the Professional Cash Bail Agent without thirty days notice to the Division. Said notice shall include affidavits, in a form provided by the Division, from the clerk of every court in which the Professional Cash Bail Agent has posted a cash bail bond. The affidavit shall state that the Professional Cash Bail Agent has no cash bail bonds outstanding in that court.
3. If a Professional Cash Bail Agent wishes to write bail bonds in excess of \$100,000, the Professional Cash Bail Agent must post an appropriate qualification bond with the Division. The Division will process applications to change bond writing authority but, except at license renewal, the Division will require the surrender of the Professional Cash Bail Agent's license to amend the bond writing authority and require the payment of a processing fee which shall be established in regulation 1-2-10.
4. To reduce the qualification bond, the Professional Cash Bail Agent must submit an affidavit on a form approved by the Division, affirming that the Professional Cash Bail Agent has no bonds outstanding which are greater than twice the amount of the reduced qualification bond. Except at license renewal, the Division will require the surrender of the Professional Cash Bail Agent's license to amend the bond writing authority and require the payment of a processing fee.

Section 6 Qualifications For Licensure As A Professional Cash Bail Agent

- A. The minimum requirements for licensure as a Professional Cash Bail Agent are set forth in Sections 12-7-102.5(6) & (7) and 12-7-103(8), C.R.S.
- B. All applicants for licensure as a Professional Cash Bail Agent must take a registered bail recovery training course as required in § 12-7-102.5(1)(b), C.R.S.
- C. The Division will review an applicant's record to determine whether applicant has complied with the provisions of §§ 12-7-106 and 10-2-404(1), C.R.S., and the statutes referred to therein, in the conduct of applicant's surety bail bond business. The Division will also review whether applicant has timely paid state and federal taxes arising in the conduct of any business.

Section 7 Noncompliance And Penalties

- A.1. Any Cash Bonding Agent or Professional Cash Bail Agent failing or refusing to file a semiannual bail bond report in accordance with this regulation, or to pay taxes as specified in this regulation and §10-3-209, C.R.S. for more than thirty days after the time specified, shall be liable for a penalty of up to one hundred dollars for each additional day of delinquency.
 2. If the tax paid is less than the full amount prescribed, interest at the rate of one percent per month or fraction thereof on the unpaid amount shall be charged from the date on which payment was due to the date on which full payment is made, and a penalty of up to twenty-five percent of the unpaid amount may be assessed by the Commissioner of Insurance.
 3. The Commissioner may suspend the license of a delinquent Cash Bonding Agent or Professional Cash Bail Agent until such taxes and any penalty imposed are fully paid.
- B. If a Professional Cash Bail Agent submits a false affidavit with respect to outstanding bail bonds, the Division will summarily suspend the agent's license until the qualification bond is restored to the proper amount, and may impose such other sanctions as provided by law.

Section 8 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 thereby.

Section 9 Effective Date

This amended regulation shall become effective November 1, 1999.

Section 10 History

Original Regulation effective November 1, 1997 Amended Regulation effective November 1, 1999



State of Colorado

County of _____ ss.

I, _____, being first duly sworn, state that this report, is a complete, true and correct statement of my activities as a Bail Bonding Agent for the stated six-month period.
(TYPEWRITTEN NAME OF BAIL BONDING AGENT)

I understand that any false, incomplete or deceptive representation herein constitutes good and sufficient cause for revocation of my producer license by the Colorado Division of Insurance.

I authorize any person to disclose to the Colorado Division of Insurance any information regarding bail bonds written by me and collateral accepted by me.

SIGNATURE OF BAIL BONDING AGENT

DATE

Subscribed and sworn to before me this _____ day of _____, 20____ (Year) My Commission Expires: _____ NOTARY PUBLIC
--

SUMMARY	
TOTAL DOLLAR AMOUNT OF BAIL WRITTEN	\$ _____
TOTAL DOLLAR AMOUNT OF FEES CHARGED	\$ _____
TOTAL DOLLAR AMOUNT OF PREMIUM TAX DUE	\$ _____

Appendix I

REPORT MUST BE TYPEWRITTEN

CASH BONDING AGENT'S – PROFESSIONAL CASH BAIL AGENTS SEMIANNUAL REPORT

Must be furnished to the Commissioner of Insurance prior to January 31, and July 31 of each year.

*This report is for the period of: **JANUARY 1 through JUNE 30** OR **JULY 1 through DECEMBER 31**
Circle or Highlight Only One*

Full name of person for whom such bail bonding agent posted surety	The date and amount of bond posted by bonding agent	Name and location of Court in which bond was posted	Fee charged for each bond posted	Collateral or Security received from principal or persons acting on behalf of such principal on each bond
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Name	Date	Amount	Name	Location	Fee Charged	Collateral

Appendix 1A

This regulation shall apply to all cash bonding agents, professional cash bail agents, and surety agents that write bail bonds in the state of Colorado. Effective July 1, 2004, Bulletin 14-00, is no longer valid, although the annual report due no later than November 1, 2004 for the period of July 1, 2003 through June 30, 2004 should be completed using the form provided in Bulletin 14-00.

Section 4 Definitions

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

- A. "Bail bonding agent" means any person who furnishes bail for compensation in any court or courts in this state and who is appointed by an insurer to execute or countersign bail bonds in connection with judicial proceedings and who is other than a full-time salaried officer or employee of an insurer or a person who pledges United States currency, a United States postal money order, a cashier's check, or other property as security for a bail bond in connection with a judicial proceeding, whether for compensation or otherwise and licensed as a surety agent, a cash bonding agent or professional cash bail agent as defined in § 10-2-407(1)(f), C.R.S.
- B. "Bail insurance company" or "surety company" means an insurer as defined in section 10-1-102(13), C.R.S. engaged in the business of writing bail appearance bonds through bail bonding agents, which company is subject to regulation by the Division of Insurance in the Department of Regulatory Agencies.
- C. "Daily bond register" means the current and up-to-date bond register required by § 12-7-108(3), C.R.S. that identifies every executed bond or undertaking taken by the bail bonding agent using the form attached in Appendix A.
- D. "Disclosure statement" means the form describing how collateral may be returned, how collateral may be used or forfeited and the physical address to which a copy of the court order releasing the bond shall be delivered. The Disclosure Statement must be in the form attached in Appendix C.
- E. "Executed agreement" or "indemnity agreement" means the agreement whereby the bail bonding agent agrees to post bond for a defendant. Such agreement shall have the name, address, phone number and license number of the bail bonding agent preprinted or stamped on the form and must contain the following information: amount of bail set in the case, the name of the defendant to be released on the bond, the court case number, the court in which the bond is executed, the premium charged and the amount and type of collateral held by the bail bonding agent and the conditions under which the collateral will be returned.
- F. "Permanent office records" means records of all bail bonds the bail bonding agent executes or countersigns, executed copies of the Disclosure Statement, executed agreement/indemnity agreement and prenumbered receipt for each bond undertaking, the Daily Bond Register and any other records pertaining to transactions made under the bail bonding agent's license.
- G. "Prenumbered receipt" means a preprinted or stamped, sequentially numbered receipt, containing the following information: date the money or other consideration is received by the bail bonding agent (including any premium paid or collateral received), name of the defendant, a description of the consideration or amount of money received, the purpose for which the consideration or money was received, the number of the bail insurance company power-of-attorney form attached to the bond (if applicable/available), the penal sum of the bond, the name of the indemnitor, and the terms under which the money or other consideration shall be released.

Section 5 Rules

A. DAILY BOND REGISTER

Each bail bonding agent shall maintain a current and up-to-date Daily Bond Register that identifies every executed bond or undertaking taken by the bail bonding agent, in the form prescribed in Appendix A, as part of their permanent office records. The form contained in Appendix A shall also be used for the annual report to the Division required by § 12-7-105, C.R.S. Annual reports covering the twelve-month period of July 1 of the prior calendar year through June 30 of the current calendar year are due no later than November 1 of each year, and must include the affidavit in Appendix B.

B. PRENUMBERED RECEIPTS

Each bail bonding agent shall use preprinted or stamped, sequentially numbered receipts whenever money or any other consideration for a bond or undertaking is received by the bail bonding agent. The number of each prenumbered receipt must be entered in the Daily Bond Register in sequential order. Each prenumbered, sequentially numbered receipt shall contain the information listed in the definition section above. The original prenumbered receipt must be signed and dated by a bail bonding agent and given to the defendant or third party indemnitor and a duplicate copy retained in the bail bonding agent's permanent office records. Bail bonding agents shall account for all of the prenumbered receipts in the Daily Bond Register, whether they were issued, destroyed or otherwise not used by the bail bonding agent.

C. EXECUTED AGREEMENT

Each original executed agreement/indemnity agreement shall have the name, address, phone number and license number of the bail bonding agent preprinted or stamped on the form. The original agreement must be maintained in the agent's permanent office records and a duplicate copy must be provided to the defendant or third party indemnitor. The executed agreement must be signed and dated by the bail bonding agent and the defendant or third party indemnitor.

D. DISCLOSURE STATEMENT

The original Disclosure Statement, in the format contained in Appendix C, must be provided to the defendant or third party indemnitor for each bond posted with a duplicate maintained in the agent's permanent office records. The Disclosure Statement must be signed and dated by the bail bonding agent and the defendant or third party indemnitor.

E. PERMANENT OFFICE RECORDS

Pursuant to § 12-7-108(4), C.R.S. (2004), permanent office records must be maintained by each bail bonding agent for every undertaking taken or bond written under the bail bonding agent's license for three years immediately after the release of the bond or if collateral and/or promissory note taken, three years after the return of the collateral to the defendant or third party indemnitor or notice to the defendant or third party indemnitor that the terms of any promissory note have been satisfied. Proof of notice shall consist of, at a minimum, a signed release by the defendant or third party indemnitor that they received the promissory note marked paid by the bail bonding agent. Such notice shall be part of the agent's permanent office records. Bail bonding agents' permanent office records shall be open and available for inspection by the Commissioner or the Commissioner's designee upon reasonable notice during normal business hours.

Section 6. Enforcement

Noncompliance with this regulation is a violation of §§ 10-3-1103, 10-3-1104, 10-3-1107, 10-2-801(1)(c), 12-7-106(1)(b) and 12-7-108, C.R.S., and subject to the sanctions specified in §§ 10-3-1108, 10-2-804 and 12-7-106, C.R.S., including the imposition of fines and the suspension or revocation of the bail bond license.

Section 7. Severability

Section 1. Authority

This regulation is promulgated pursuant to §§ 10-1-109, 10-4-404, 10-4-404.5, 12-7-102(3) and 12-7-110.5, C.R.S.

Section 2. Basis and Purpose

The purpose of this regulation is to establish the requirements for the filing of the schedule of premium rates pursuant to the newly enacted statutory provision in § 12-7-110.5(1), C.R.S. This regulation replaces Emergency Regulation 04-E-10 in its entirety.

Section 3. Applicability and Scope

This regulation shall apply to all cash bail bonding agents, professional cash bail bonding agents and bail insurance companies that write bail bonds in the state of Colorado.

Section 4. Definitions

- A. "Bail bonding agent" means any person who furnishes bail for compensation in any court or courts in this state and who is appointed by an insurer to execute or countersign bail bonds in connection with judicial proceedings and who is other than a full-time salaried officer or employee of an insurer or a person who pledges United States currency, a United States postal money order, a cashier's check, or other property as security for a bail bond in connection with a judicial proceeding, whether for compensation or otherwise.
- B. "Bail insurance company" means an insurer as defined in § 10-1-102(13), C.R.S., engaged in the business of writing bail appearance bonds through bonding agents, which company is subject to regulation by the Colorado Division of Insurance.
- C. "Cash bonding agent" means any bail bonding agent who was licensed by the Division as of January 1, 1992 to write bail bonds as a cash bonding agent.
- D. "Professional cash bail agent" means a person who is an authorized bail bonding agent who furnishes bail for compensation in any court or courts in this state in connection with judicial proceedings and who is not a full-time salaried officer or employee of an insurer nor a person who pledges United States currency, a United States postal money order, a cashier's check, or other property in connection with a judicial proceeding, whether for compensation or otherwise.

Section 5. Rules

- A. By October 1, 2004, all cash bonding agents and professional cash bail agents shall file with the Division of Insurance, a schedule of the premium rates being charged for bail as of July 1, 2004. The filing shall be made on the form exhibited in Appendix A.
- B. If the premium rates in use on any day after July 1, 2004 are different from those filed in accordance with paragraph 5.A above, the cash bonding agent or professional cash bail agent shall file a separate form, as exhibited in Appendix A, for each change in the premium rate by October 1, 2004.
- C. All cash bonding agents, professional cash bail agents and all bail insurance companies shall file with the Division of Insurance, concurrent with or prior to use, all revisions to previously filed rates charged for bail by the bail bonding agent.
- D. Each filing made by a cash bonding agent or a professional cash bail agent shall be made on the form exhibited in Appendix A. The filing must include a duplicate copy of this form and a postage-paid, self-addressed envelope. The Division will return the duplicate copy, stamped as "filed", to the agent to maintain at the place of his or her business for a period of not less than three (3) years.

Section 6. Enforcement

Section 7. Severability

Section 8. Effective Date

Section 9. History

Appendix A

STATE OF COLORADO
CASH BONDING AGENT AND PROFESSIONAL CASH BAIL AGENT
SCHEDULE OF PREMIUM RATES
(Please print legibly or type.)

Date: _____

Agent's Name: _____

Agent's License Number: _____

Business Name: _____

Business Address: _____

Street Suite or Apt. Number

City State Zip

Please list each bond type that has a separate premium rate or rate calculation.
(Additional bonds may be attached if needed.)

Bond Type	Premium Rate or Description of Premium Rate Calculation	Effective Date of Use
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Please mail with a duplicate copy and a postage-paid, self-addressed envelope to:

Colorado Division of Insurance
Rates and Forms Section
1660 Broadway, Suite 800
Denver, CO 80202

Amended Regulation 1-2-16

Bail Bonding Agent Appointment and Termination Requirements for Surety Companies

Section 1. Authority

Section 2. Basis And Purpose

Section 3. Applicability and Scope

Section 4. Definitions

Section 5. Rules

Section 6. Enforcement

Section 7. Severability

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. Basis and Purpose

The purpose of this regulation is to remove references to the bail bonding agent renewal fee from this regulation. Pursuant to the Division's amended contract with Promissor, effective April 1, 2005, the bail bonding agent renewal fee has been increased to \$30.00, and this fee shall be listed and amended in Regulation 1-2-10.

Section 3. Applicability and Scope

This regulation shall apply to bail bonding agents and bail insurance companies that are authorized to write bail bonds in the State of Colorado. This regulation does not apply to cash bail bonding agents or professional cash bail agents.

Section 4. Definitions

- A. "Bail bonding agent" or "surety bail bonding agent" shall have the same meaning as in § 12-7-101(1), C.R.S.,
- B. "Bail insurance company" or "surety company" shall have the same meaning as in § 12-7-1-1(1.3), C.R.S.
- C. "Company officer" shall mean the president, vice-president, assistant vice-president, corporate secretary, assistant corporate secretary, general counsel or actuary who is a corporate officer, or any officer appointed by the board of directors. A copy of the appointment is required for each appointment or termination.
- D. "Termination for cause" is when a bail insurance company terminates a bail bond agent's appointment due to causes listed in §§ 10-1-128, 10-2-416, 10-2-801, 12-7-106, or 12-7-109, C.R.S.

Section 5. Rules

- A. Bail Bonding Agent Appointments Pursuant to § 10-2-415.7, C.R.S.
 - 1. To appoint a bail bonding agent to represent the bail insurance company, the bail insurance company shall file a notice of appointment with any bail bonding agent currently working for or contracted with such bail insurance company. The bail insurance company shall also file a notice of appointment within thirty (30) days from the date any bail bonding agent's contract is executed.
 - a. Appointments and terminations shall not be combined on the same listing.

- b. All appointments and terminations shall be signed by company officer.
- c. All appointments shall contain:
 - (i) The bail insurance company name;
 - (ii) The bail insurance company NAIC number;
 - (iii) The Division's company number that has been assigned to the bail insurance company;
 - (iv) The bail insurance company address;
 - (v) The bail insurance company contact name and telephone number;
 - (vi) A check in the appropriate box indicating that the listing is for appointments;
 - (vii) The bail bonding agent's social security number;
 - (viii) The Colorado bail bond agent license number;
 - (ix) The bail bond agent name (as it appears on the license); and
 - (x) The effective date of appointment. If the bail bonding agent was appointed prior to July 1, 2004 or has been continuously appointed for several years, the actual effective date is needed pursuant to § 10-2-416.5, C.R.S.
- 2. Bail insurance companies are responsible for performing diligent inquiry and investigation relative to the appointee's identity, residence, licensure, experience and instruction as to bail bonding. The company must be satisfied that the appointee is trustworthy and qualified to act as its agent and that the agent will hold his or herself out in good faith to the general public as the bail insurance company's bail bonding agent.
- 3. Prior to October 1, 2005 and annually thereafter, the Division will provide each bail insurance company a listing of its active bail bonding agent appointments along with a renewal invoice that will state the renewal fee for each appointed bail bonding agent.

B. Bail Bonding Agent Terminations

- 1. To terminate a bail bonding agent, the bail insurance company shall file a notice of termination with the Division within fifteen (15) days from the date the bail bonding agent is terminated. The bail insurance company shall also notify the bail bonding agent within fifteen (15) days of the termination. Both notifications shall be sent via certified mail.
 - a. Terminations and appointments shall not be combined on the same listing.
 - b. All terminations shall contain:
 - (i) The bail insurance company name;
 - (ii) The bail insurance company NAIC number;
 - (iii) The Division's company number that has been assigned to the bail insurance company;

- (iv) The bail insurance company address;
- (v) The bail insurance company contact name and telephone number;
- (vi) A check in the appropriate box indicating that the listing is for terminations;
- (vii) The bail bonding agent's social security number;
- (viii) The Colorado bail bonding agent's license number;
- (ix) The bail bonding agent's name (as it appears on the license);
- (x) The effective date of termination; and
- (xi) If the termination is for cause, mark the box and provide documents, records, or other data pertaining to the termination or activity of that bail bond agent.

Section 6. Enforcement

Any bail insurance company failing to comply with § 10-2-415.7(1) or (2), C.R.S., shall be liable for a civil penalty or up to one thousand dollars (\$1,000.00) for each such failure, pursuant to § 10-2-415.7(4), C.R.S.

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, suspension or revocation of the license and/or certificate of authority.

Section 7. 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 8. Effective Date

This regulation is effective December 1, 2005.

Section 9. History

Emergency Regulation 04 E7 was effective October 5, 2005. New Regulation 1-2-16 was effective February 1, 2005. Emergency Regulation 05 E1 was effective June 1, 2005. Amended Regulation 1-2-16 is effective on December 1, 2005.