

### 18-13-119.5. Abuse of property insurance.

(1) The general assembly hereby finds, determines, and declares that:

(a) (I) Business practices that have the effect of reducing or eliminating the need for actual payment of required copayments and deductibles by an insured for property damages interfere with contractual obligations entered into by the insured and insurer relating to such payments;

(II) Interference described in subparagraph (I) of this paragraph (a) is not in the public interest because it has the effect of increasing insurance costs by removing the incentives that copayments and deductibles create in making the consumer a cost-conscious purchaser; and

(b) (I) Business practices that have the effect of providing rebates or something of value to an insured to attract business relating to property damages when the costs of the rebate or thing of value is passed on to an insurer interfere with contractual obligations entered into by the insured and insurer relating to such property damages;

(II) Interference described in subparagraph (I) of this paragraph (b) is not in the public interest because it has the effect of increasing insurance costs by including items unrelated to the property damage in the costs paid by insurers; and

(c) Advertising of practices described in paragraphs (a) and (b) of this subsection (1) may aggravate the impact of such practices.

(2) (a) The general assembly further declares that business practices described in subsection (1) of this section are illegal and that such practices or the advertising thereof shall be grounds for disciplinary actions by any governmental body which is responsible for licensing or regulating persons who engage in such practices.

(b) The general assembly further declares that this section shall create a private right of action in courts of the state of Colorado, including an action for injunctive relief.

(3) Any person who provides repairs, goods, or services commits abuse of property insurance if such person knowingly:

(a) Submits a fee to an insurer which is higher than a fee estimate such person provided to the insured or which is higher than the fee such person has agreed to accept from the insured if the effect is to provide the insured a rebate or something of value to attract the insured to do business with such person and the cost of providing the rebate or thing of value is passed on to the insurer as a part of the higher fee; or

(b) Provides a rebate or a gift, cash, or thing of value to an insurance company or its representative, agent, employee, or others acting on behalf of the insurance company, in connection with any claim under an insurance policy which insures for property damage.

(4) Any insurance company, or its agent, employee, representative, or other person acting on behalf of the insurance company, commits abuse of property insurance if such company or person knowingly: Accepts a rebate or a gift, cash, or thing of value from any person who provides repairs, goods, or services in connection with any claim under an insurance policy which insures for property damage.

(5) Abuse of property insurance is a class 2 misdemeanor.

**Source: L. 92:** Entire section added, p. 409, § 1, effective July 1. **L. 96:** (2)(b) amended, p. 1846, § 17,