

**10-3-1115. Improper denial of claims - prohibited - definitions - severability.**

(1) (a) A person engaged in the business of insurance shall not unreasonably delay or deny payment of a claim for benefits owed to or on behalf of any first-party claimant.

(b) For the purposes of this section and section [10-3-1116](#):

(I) "First-party claimant" means an individual, corporation, association, partnership, or other legal entity asserting an entitlement to benefits owed directly to or on behalf of an insured under an insurance policy. "First-party claimant" includes a public entity that has paid a claim for benefits due to an insurer's unreasonable delay or denial of the claim.

(II) "First-party claimant" does not include:

(A) A nonparticipating provider performing services; or

(B) A person asserting a claim against an insured under a liability policy.

(2) Notwithstanding section [10-3-1113](#) (3), for the purposes of an action brought pursuant to this section and section [10-3-1116](#), an insurer's delay or denial was unreasonable if the insurer delayed or denied authorizing payment of a covered benefit without a reasonable basis for that action.

(3) If any provision of this section or its application to any person or circumstance is held illegal, invalid, or unenforceable, no other provisions or applications of this section shall be affected that can be given effect without the illegal, invalid, or unenforceable provision or application, and to this end the provisions of this section are severable.

(4) The general assembly declares that this section is a law regulating insurance.

(5) This section and section [10-3-1116](#) shall not apply to insurance issued in compliance with the "Workers' Compensation Act of Colorado", articles 40 to 47 of title [8](#), C.R.S.

(6) This section and section [10-3-1116](#) shall not apply to title insurance issued pursuant to article 11 of this title or to life insurance issued pursuant to article 7 of this title.

**Source: L. 2008:** Entire section added, p. 2172, § 5, effective August 5.