DEPARTMENT OF REGULATORY AGENCIES

Division of Insurance

3 CCR 702-1

ADMINISTRATIVE PROCEDURES

DRAFT Proposed New Regulation 1-1-XX

CONCERNING REVIEW AND APPROVAL OF A VALUE-ADDED PRODUCT OR SERVICE

Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of §§ 10-1-108(7), 10-1-109, and 10-3-1104(2.5)(b)(II), C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to provide requirements for submission and approval of value-added products or services offered by an insurer. This regulation also establishes a maximum noncash gift, item or service value that insurers or insurance producers may offer a customer per policy year per term.

Section 3 Applicability

This regulation shall apply to all insurers and insurance producers engaged in the business of insurance in this state.

Section 4 Definitions

A. “Customer” shall have the same meaning as found at § 10-3-1104 (6)(a), C.R.S.

B. “Insurance producer” shall have the same meaning as found at § 10-2-103(6), C.R.S.

C. “Insurance policy or “insurance contract” shall have the same meaning as found at § 10-3-1102 (2), C.R.S.

D. “Insurer” shall have the same meaning as found at § 10-2-103(6.5), C.R.S.

Section 5 Value-Added Product or Service Program

A. An insurer or insurance producer interested in creating a program for a value-added product or service must submit the program to the Division for prior approval. The insurer or insurance producer must complete the Value-Added Service or Product Application on the Division's website.

B. Upon receipt of a submission, the Division shall review the submission and take the following actions no later than thirty (30) days after receipt:

1. Approve the program;

2. Approve the program as a pilot program and allow the insurer or producer to offer the program for no more than one (1) year; or

3. Deny a pilot program.

A program approved as a pilot may resubmit the Application after offering the program for one (1) year and include evidence collected during the pilot that demonstrates the product or service meets the criteria in Section 10-3-1104 (2)(e)(II)(A) to (2)(e)(II)(I), C.R.S. and is not unfairly discriminatory.

Section 6 Maximum Values of Noncash Items

An insurer or insurance producer may offer or give a noncash gift, item, or service, to or on behalf of a customer in connection with the marketing, sale, purchase, or retention of an insurance contract if the cost does not exceed one hundred dollars ($100), in the aggregate, per policy year per term.

Section 7 Severability

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

Section 8 Enforcement

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

Section 9 Effective Date

This regulation shall become effective on Month, Day, Year.

Section 10 History

New regulation effective Month, Day, Year

DRAFT