

# STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

## DIVISION OF INSURANCE

1560 Broadway, Suite 850  
Denver, Colorado 80202



### Bulletin 11-03

## Notice of the Provisions Pertaining to the Payment of Motor Vehicle Insurance Claims for the Repair of Damaged Motor Vehicles

Issue Date: December 18, 2003

### I. Background and Purpose

The purpose of this bulletin is to provide insurance companies and their agents with a written summary of the provisions of House Bill 03-1253, codified as § 10-4-618, C.R.S. that they may provide to a beneficiary or claimant to comply with the terms of the statute.

### II. Applicability and Scope

This bulletin applies to all insurance companies and their agents that issue or renew an automobile insurance policy.

### III. Division Position

Pursuant to HB 03-1253, codified as § 10-4-618, C.R.S., all insurance companies and their agents must provide the beneficiary or claimant oral or written notice of the statute's provisions within three business days after a claim is made. Insurers may reproduce Attachment A of this bulletin entitled "Summary of HB 03-1253, codified as § 10-4-618, C.R.S." and provide it to the beneficiary or claimant in satisfaction of their obligation to comply with the notice requirements of the statute.

### IV. For More Information

If you have any questions or desire further information, please direct your inquiry to:

Colorado Division of Insurance  
1560 Broadway, Suite 850  
Denver, CO 80202

**Attachment A to Bulletin 11-03**  
**Summary of HB 03-1253, codified as § 10-4-618, C.R.S.**

**HB 03-1253, codified as § 10-4-618, C.R.S., prohibits a motor vehicle insurer or their agent from:**

- Requiring that appraisals or repairs to motor vehicles be made or not be made by a specific motor vehicle repair business
- Representing to a claimant that the use of or the failure to use a particular repair business may result in nonpayment or delayed payment
- Coercing, or inducing by incentive, a claimant to use a particular business for repairs
- Contracting with an agent to manage, handle, or arrange repair work for the insurer on the condition a business does claims work at a price established by the insurer and the agent retains a percentage of any compensation paid by the insurer
- Using disincentives to discourage a claimant from using a repair business
- Soliciting a referral fee in exchange for referring the claimant to a repair business
- Requiring the claimant to travel an unreasonable distance to choose a repair facility
- Misinforming a claimant to induce the use of a particular repair facility
- Requiring a third-party claimant to have repairs done by a particular repair business

**Requires a motor vehicle insurer or their agent to:**

- Supply the claimant with a copy of the estimate upon which a settlement is based
- Confirm that any estimate prepared by or for the insurer to repair damages that are visible or evident at the time of inspection is adequate to restore the motor vehicle within a reasonable time to its condition before the loss
- Pay for repair services and products based on the prevailing competitive price
- Disclose to a claimant that the claimant may freely choose any repair business
- Assume all reasonable costs sufficient to pay for the claimant's repairs less any applicable deductible or reduction for comparative negligence
- Provide oral or written notice of this law's provisions within three business days after claim is made
- Promptly pay the cost of the motor vehicle repair less the deductible according to the terms of the insurance policy at no less than the prevailing competitive market price in the same geographic area
- Disclose any ownership interest in, or affiliation with, a recommended repair business