

CROSS PRACTICE ISSUES

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Colorado Governor Signs Bill Targeted at Unfair Discrimination in Insurance

On July 6, 2021, Colorado Governor Jared Polis signed Colorado Senate Bill [21-169](#), a bill restricting insurers' use of external consumer data to prevent possible discriminatory practices, according to the governor's office. The bill requires insurers to demonstrate to the Colorado Insurance Commissioner that they have tested whether their use of external data sources, as well as algorithms and predictive models using those data sources, unfairly discriminates based on an individual's race, color, national origin, religion, sex, or sexual orientation.

Under the new law, insurers must provide information to the state insurance commissioner concerning the external data sources they used in the development and implementation of algorithms and predictive models for a particular type of insurance. Insurers must also establish and maintain a risk management framework to determine whether their use of these external data sources unfairly discriminates against individuals based on the aforementioned characteristics. These new requirements will not apply to title insurance, bonds executed by qualified surety companies, or the insurers of exempt commercial policyholders. The law sets forth a stakeholder process to be conducted by the commissioner in conjunction with rulemaking to implement the requirements of the law. The law is to go into effect on January 1, 2023.

The Academy had provided comments on its concerns over the legislation, sponsored by Senator Janet Buckner, to the Colorado legislature during its consideration of the legislation. These include comment letters from the Academy's Health Practice Council (sent on [March 29](#) and [April 30](#), 2021), [Casualty Practice Council](#), and the [Life Underwriting and Risk Classification Work Group](#).

If you have any questions regarding this *Academy Alert*, please contact Samuel Owen, Legislative and Regulatory Analyst (owen@actuary.org; 202-785-6924).

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