Colorado State Law on Insurance Steering (Auto Claims)

1 **Colorado Revised Statutes:** **§ 10-3-1104** **Unfair Claim Settlement Practices –** **This is the primary anti-steering law insurers violate.**	**What the statute prohibits** An insurer may NOT: 1. Misrepresent facts or policy provisions 2. Fail to promptly investigate or process a claim 3. Compel insureds to accept a settlement they are not entitled to 4. Use deceptive or coercive practices in claim handling	**Steering becomes illegal when the insurer:** 1. Suggests repairs won't be done correctly unless you use their shop 2. Claims your chosen shop is "not approved" or "not certified" 3. Delays inspections or approvals because of shop choice 4. Threatens reduced payment, delays, or added costs ■ **Colorado DOI explicitly considers steering a form of misrepresentation and coercion when it influences shop choice.**
2 **Colorado Revised Statutes:** **§ 10-3-1115 & § 10-3-1116**	**Unreasonable Delay or Denial of Benefits** This is where insurers get into serious trouble. **What the law says:** An insurer may not unreasonably delay or deny payment of a covered benefit, even if there is a dispute.	**Why this matters for steering** Common steering-related violations include: 1. Delaying inspections if you don't go to a DRP shop 2. Delaying supplements 3. Refusing to finalize total loss decisions — using delay to force the customer to "give up" and switch shops ■ **Important: Colorado allows double damages + attorney fees if delay is unreasonable. This is why insurers become very careful once this statute is cited.**
3 **Colorado Consumer Protection Act (CCPA)** **CRS § 6-1-105**	**Steering can also violate the CCPA when it involves:** 1. False statements about repair quality 2. Deceptive guarantees 3. False claims of "certification" or "approval" 4. Omissions that mislead consumers about their rights	**If an insurer:** 1. Claims their shop is "OEM approved" when it is not 2. Claims your shop lacks credentials (when none are legally required) ➡ **That can trigger consumer fraud exposure, not just insurance regulation.** ■ **DOI Investigators look at:** 1. Recorded calls 2. Claim notes 3. Scripted adjuster language 4. Pattern behavior (repeat steering complaints)
4 **Colorado Division of Insurance Regulations (DOI)**	**The DOI has issued bulletins and enforcement actions stating:** 1. Insurers cannot require use of a preferred shop 2. Insurers cannot imply penalties for choosing another shop 3. Insurers must process claims equally regardless of repair facility	**They may NOT:** 1. Threaten delays 2. Imply inferior repairs 3. Suggest you'll pay more 4. Misstate labor rates as "illegal" or "unreasonable" 5. Claim they "don't work with" your shop
5 **What Insurers ARE Allowed to Do (Colorado)**	**They may legally:** 1. Recommend a DRP shop 2. Explain benefits of their repair program 3. Offer a repair guarantee for their shop only 4. Say processing may be "simpler" at their shop	**They may NOT:** 1. Threaten delays 2. Imply inferior repairs 3. Suggest you'll pay more 4. Misstate labor rates as "illegal" or "unreasonable" 5. Claim they "don't work with" your shop **Colorado view – Once the insurer:** 1. Is notified of the vehicle location and 2. Has access to inspect ➡ **Storage becomes a claim-handling issue, not the shop's fault.**
6 **Storage Fees & Total Loss Steering (Big Issue in Colorado)**	**This comes up constantly.** **What insurers try:** 1. Delay total loss decisions 2. Then blame the shop for storage 3. Pressure the owner to move the vehicle to Copart or a DRP	**Charging the insured due to insurer delay can violate:** CRS § 10-3-1115 (unreasonable delay) CRS § 10-3-1104 (unfair practices)

7 **What Makes a Steering Case STRONG in Colorado**	**You have a strong DOI or legal case if you can show:** 1. Delay tied directly to shop choice 2. False or misleading statements 3. Pressure language ("you'll have problems," "we can't guarantee") 4. Refusal to communicate with your shop 5. Repeated attempts to redirect you **Written adjuster notes are often the smoking gun.**	**Practical Language That Stops Steering Immediately** 1. If you want, use this exact wording (it's very effective in Colorado): ***"I am exercising my legal right under Colorado law to select my repair facility. Please proceed with claim handling without delay or penalty pursuant to CRS §§ 10-3-1104 and 10-3-1115."*** That sentence alone usually escalates the claim.