DEPARTMENT OF REGULATORY AGENCIES

DIVISION OF INSURANCE

3 CCR 702-3

AMENDED REGULATION 3-1-1

FIDELITY BOND REQUIREMENTS

Section 1 Authority
Section 2 Scope and Purpose
Section 3 Applicability
Section 4 Requirement For Fidelity Coverage
Section 5 Severability
Section 6 Enforcement
Section 7 Effective Date
Section 8 History

Section 1 Authority

This regulation is promulgated under the authority of §§ 10-1-109, 10-6-129, 10-14-505 and 10-16-109 C.R.S.

Section 2 Scope and Purpose

The purpose of this regulation is to prescribe the minimum amount of fidelity coverage required to be maintained by insurers for money or other property, which may be lost because of theft or dishonest acts of its officers, directors and employees.

Section 3 Applicability

This regulation shall apply to all Colorado domestic insurers as well as each risk retention group captive insurer, fraternal benefit society, health maintenance organization and non-profit hospital, medical-surgical and health service corporation.

Section 4 Requirement For Fidelity Coverage

All insurers must obtain fidelity coverage for all officers, directors and employees who have access to, or authorize transactions concerning company funds and investments. The amount of coverage shall be determined in accordance with the following schedule.

Minimum Amounts of Fidelity Insurance

Exposure Index		Bracket No	Amount of Bond	
$ 1,000 -	$ 25,000	1	$ 15,000 -	$ 25,000
25,000 -	125,000	2	25,000 -	50,000
125,000 -	250,000	3	50,000 -	75,000
250,000 -	500,000	4	75,000 -	100,000
500,000 -	750,000	5	100,000 -	125,000
750,000 -	1,000,000	6	125,000 -	150,000
1,000,000 -	1,375,000	7	150,000 -	175,000
1,375,000 -	1,750,000	8	175,000 -	200,000
1,750,000 -	2,125,000	9	200,000 -	225,000
2,125,000 -	2,500,000	10	225,000 -	250,000
2,500,000 -	3,325,000	11	250,000 -	300,000
3,325,000 -	4,175,000	12	300,000 -	350,000
4,175,000 -	5,000,000	13	350,000 -	400,000
5,000,000 -	6,075,000	14	400,000 -	450,000
6,075,000 -	7,150,000	15	450,000 -	500,000
7,150,000 -	9,275,000	16	500,000 -	600,000
9,275,000 -	11,425,000	17	600,000 -	700,000
11,425,000 -	15,000,000	18	700,000 -	800,000
15,000,000 -	20,000,000	19	800,000 -	900,000
20,000,000 -	25,000,000	20	900,000 -	1,000,000
25,000,000 -	50,000,000	21	1,000,000 -	1,250,000
50,000,000 -	87,500,000	22	1,250,000 -	1,500,000
87,500,000 -	125,000,000	23	1,500,000 -	1,750,000
125,000,000 -	187,500,000	24	1,750,000 -	2,000,000
187,500,000 -	250,000,000	25	2,000,000 -	2,250,000
250,000,000 -	333,325,000	26	2,250,000 -	2,500,000
333,325,000 -	500,000,000	27	2,500,000 -	3,000,000
500,000,000 -	750,000,000	28	3,000,000 -	3,500,000
750,000,000 -	1,000,000,000	29	3,500,000 -	4,000,000
1,000,000,000 -	1,250,000,000	30	4,000,000 -	4,500,000
1,250,000,000 -	1,500,000,000	31	4,500,000 -	5,000,000

A. Calculation of Exposure Index and Bond Amount

1. Total Admitted Assets
   $ _____ X 5% = $ _____

2. Gross Income*
   $ _____X 10% = $ _____

3. Exposure Index $ _____**

B. Minimum Amount of Bond
   Bracket # ____ $_____

*Include gross premium written and assumed plus interest and dividend income.
**Amount is calculated by adding the results of A and B above.

Section 5 Severability

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

Section 6 Enforcement

Noncompliance with this Regulation may result, after proper notice and hearing, in the imposition of any of the sanctions made available in the Colorado statutes pertaining to the specific line of business or the imposition of fines, issuance of cease and desist orders, and/or suspensions or revocation of license as permitted by statute.

Section 7 Effective Date

This amended regulation shall be effective on October 2, 2006.

Section 8 History

Originally effective 1974.
Amended effective April 1, 2000.
Amended effective October 2, 2006.