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Authorizing Practice of Chiropractic by Professional Corporations, and Establishing Standards Governing Such Professional Corporations.

Colorado General Assembly

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CHAPTER 115

CHIROPRACTIC

PROFESSIONAL SERVICE CORPORATIONS

HOUSE BILL NO. 1507, BY REPRESENTATIVES Farley, Baer, Benavidez, Bryant, Buechner, Eckelberry, Fentress, Gaon, Howe, Hybl, Kopel, Krster, Lloyd, Lucero, McNeil, Mullen, Sack, Sears, Smith, Taylor, and Valdez; also SENATORS Alkhous, G. Brown, Calabrese, Cisneros, Johnson, Kogovsek, Minister, Parker, and Stockton.

AN ACT

AUTHORIZING PRACTICE OF CHIROPRACTIC BY PROFESSIONAL CORPORATIONS,
AND ESTABLISHING STANDARDS GOVERNING SUCH PROFESSIONAL CORPORATIONS.

Be it enacted by the General Assembly of the State of Colorado:

Section 1. Article 1 of chapter 23, Colorado Revised Statutes 1963, as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

23-1-25. Professional service corporations for the practice of chiropractic.

(1) (a) Persons licensed to practice chiropractic by the board may form professional service corporations for the practice of chiropractic under the Colorado corporation code, if such corporations are organized and operated in accordance with the provisions of this section. The articles of incorporation of such corporations shall contain provisions complying with the following requirements:

(b) The name of the corporation shall contain the words "professional company" or "professional corporation" or abbreviations thereof.

(c) The corporation shall be organized solely for the purposes of conducting the practice of chiropractic only through persons licensed by the board to practice chiropractic in the state of Colorado.

(d) The corporation may exercise the powers and privileges conferred upon corporations by the laws of Colorado only in furtherance of and subject to its corporate purpose.

(e) All shareholders of the corporation shall be persons licensed by the board to practice chiropractic in the state of Colorado, and who at all times own their shares in their own right. They shall be individuals who, except for illness, accident, time spent in the armed services, on vacations, and on leaves of absence not to exceed one year, are actively engaged in the practice of chiropractic in the offices of the corporation.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(f) Provisions shall be made requiring any shareholder who ceases to be or for any reason is ineligible to be a shareholder to dispose of all his shares forthwith, either to the corporation or to any person having the qualifications described in paragraph (e) of this subsection (1).

(g) The president shall be a shareholder and a director, and to the extent possible, all other directors and officers shall be persons having the qualifications described in paragraph (e) of this subsection (1). Lay directors and officers shall not exercise any authority whatsoever over professional matters.

(h) (i) The articles of incorporation shall provide, and all shareholders of the corporation shall agree, that all shareholders of the corporation shall be jointly and severally liable for all acts, errors, and omissions of the employees of the corporation, or that all shareholders of the corporation shall be jointly and severally liable for all acts, errors, and omissions of the employees of the corporation except during periods of time when the corporation maintains in good standing professional liability insurance which shall meet the following minimum standards:

(ii) The insurance shall insure the corporation against liability imposed upon the corporation by law for damages resulting from any claim made against the corporation arising out of the performance of professional services for others by those officers and employees of the corporation who are licensed by the board to practice chiropractic.

(iii) Such policies shall insure the corporation against liability imposed upon it by law for damages arising out of the acts, errors, and omissions of all nonprofessional employees.

(iv) The insurance shall be in an amount for each claim of at least fifty thousand dollars multiplied by the number of persons licensed to practice chiropractic employed by the corporation. The policy may provide for an aggregate top limit of liability per year for all claims of one hundred fifty thousand dollars also multiplied by the number of persons licensed to practice chiropractic employed by the corporation, but no firm shall be required to carry insurance in excess of three hundred thousand dollars for each claim with an aggregate top limit of liability for all claims during the year of nine hundred thousand dollars.

(v) The policy may provide that it does not apply to: Any dishonest, fraudulent, criminal, or malicious act or omission of the insured corporation or any stockholder or employee thereof; the conduct of any business enterprise, as distinguished from the practice of chiropractic, in which the insured corporation under this section is not permitted to engage but which nevertheless may be owned by the insured corporation or in which the insured corporation may be a partner or which may be controlled, operated, or managed by the insured corporation in its own or in a fiduciary capacity, including the ownership, maintenance, or use of any property in connection therewith; when not resulting from breach of professional duty, bodily injury to, or sickness, disease, or death of any person, or to injury to or destruction of any tangible property, including the loss of use thereof; and such policy may contain reasonable provisions with respect to policy periods, territory, claims, conditions, and other usual matters.

(2) A copy, certified by the secretary of state, of the articles of incorpo-

ration of any corporation formed pursuant to this section shall be filed with the board together with a certified copy of all amendments thereto. At the time of filing the original articles with the board, the corporation shall file with the board a written list of shareholders setting forth the names and addresses of each and a written list containing the names and addresses of all persons who are not shareholders who are employed by the corporation, and who are licensed by the board to practice chiropractic in the state of Colorado. Within ten days after any change in such shareholders or employees, a written list setting forth the information required by this subsection (2) shall be filed with the board.

(3) The corporation shall do nothing which, if done by a person licensed to practice chiropractic in the state of Colorado employed by it, would violate the standards of professional conduct as provided for in section 23-1-19. Any violation by the corporation of this section shall be grounds for the board to terminate or suspend its right to practice chiropractic.

(4) Nothing in this section shall be deemed to diminish or change the obligation of each person licensed to practice chiropractic employed by the corporation to conduct his practice in accordance with the standards of professional conduct provided for in section 23-1-19. Any person licensed by the board to practice chiropractic who by act or omission causes the corporation to act or fail to act in a way which violates such standards of professional conduct, including any provision of this section, shall be deemed personally responsible for such act or omission and shall be subject to discipline therefor.

(5) A professional service corporation may adopt a pension, profit-sharing (whether cash or deferred), health and accident, insurance, or welfare plan for all or part of its employees including lay employees if such plan does not require or result in the sharing of specific or identifiable fees with lay employees, and if any payments made to lay employees, or into any such plan in behalf of lay employees, are based upon their compensation or length of service, or both, rather than the amount of fees or income received.

(6) Except as provided in this section, corporations shall not practice chiropractic.

Section 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 11, 1973