

NEWS: WILDFIRE

Colorado wants to force insurance companies to help homeowners understand, mitigate wildfire risk

House Bill 1182 would also require insurers to give customers an opportunity to appeal assessments of a property's wildfire risk, which can lead to increased costs and nonrenewals



Jesse Paul

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A Boulder Rural Fire Department firefighter approaches a burning home in Louisville on Dec. 30. (Jeremy Sparig, Special to The Colorado Sun)

The Unaffiliated

All politics, no agenda.

Inurance companies operating in Colorado would be required to inform homeowners of ways they could reduce the risk of wildfire to their properties and subsequently pay less in premiums under a bill introduced this week in the state legislature.

House Bill 1182 would also require insurers to give customers an opportunity to appeal assessments of a property's wildfire risk, which can lead to increased costs and nonrenewals.

The measure is the legislature's latest effort to tackle the growing problem of rising homeowners insurance costs and nonrenewals in wildfire-prone areas of Colorado as climate change increases the frequency and severity of wildland fires across the state. The cost of property insurance in Colorado has become one of the fastest-growing household expenses, with premiums **increasing an average of 57.9%** from 2018 to 2023, according to the Rocky Mountain Insurance Information Association.

Nevertheless, in **eight of the past 11 years**, property insurers have lost money in Colorado, said Ethan Aumann, senior director of environmental issues and resiliency at the American Property Casualty Insurance Association.

In 2023, the legislature passed a **bill creating a quasi-governmental insurer** of last resort for homeowners who can't get coverage on the private market. Lawmakers hope House Bill 1182 will serve as a way to prevent homeowners from needing that last-resort coverage.

Hail is a big part of the rising cost of homeowners insurance in Colorado. Wildfire is another.

Unlike hail, however, Colorado homeowners can take several steps to protect their properties against wildland blazes.

The bill's lead sponsors in the House are Democratic Reps. Kyle Brown of Louisville and Brianna Titone of Arvada. In the Senate, the main sponsors are Sens. Lisa Cutter, D-Jefferson County, and Cleave Simpson, R-Alamosa.

Titone said she knows of examples of homeowners losing their coverage because insurance companies have made incorrect assumptions about a property's risk of being destroyed in a wildfire. One person's insurer dropped them after determining based on satellite images that their property was in the woods, even though it really wasn't, Titone said.

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“We want to make sure that these kinds of situations are rectified,” Titone said.



Colorado state Rep. Brianna Titone, D-Arvada, makes a point before Colorado Gov. Jared Polis signs a bill on April 25, 2023, during a ceremony outside the Colorado Capitol in downtown Denver. (AP Photo/David Zalubowski)

House Bill 1182 would require home insurers in Colorado that use a wildfire risk model or scoring method to share the details of those calculations with the state and how they affect underwriting decisions and rates.

The models and scoring methods would be required to take into account a homeowner’s work to mitigate risk on their property, such as removing vegetation to create defensible space for firefighters and using fire-resistant building materials, as well as community- and state-level mitigation activities.

Finally, insurers would have to take into account the state-level purchases of equipment to combat wildfires. Colorado has purchased **two wildfire-fighting helicopters in recent years** — Colorado’s only state-owned firefighting aircraft.

Insurers would have to tell homeowners within 60 days of a renewal or 90 days of a nonrenewal how they assessed a property’s wildfire risk. Insurance companies would have

30 days to respond to an appeal, and any denials of an appeal would have to be forwarded to the Colorado insurance commissioner.

The bill, if it passes the legislature and is signed into law, would go into effect in 2026. The changes **are a key part** of Gov. Jared Polis' legislative agenda this year.

"I hear from Coloradans across our state — I'm sure you have too — who either can't find coverage or who are seeing very large increases and getting priced out of the market for the coverage that they have," Polis told lawmakers during his State of the State address last month. "And the rising cost of insurance of course doesn't just affect homeowners. It's also passed along to renters, too."

Insurance companies have concerns about how soon the bill would go into effect and their ability to adhere to its changes, citing technological limitations.

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"We do believe in mitigation," said Carole Walker, who leads the Rocky Mountain Insurance Information Association, an insurance industry trade group. "We have common ground on (wanting) mitigation to matter and we want to incentivize homeowners to do personal- and community-level mitigation."

The hang-up is around protecting the proprietary technology of the third-party companies that provide modeling to insurers and verifying and measuring the meaningfulness of mitigation work of homeowners and communities.

"It has to be something that both the modeling companies can comply with and the insurance companies can, (too)," she said. "The stakes are really high."



A March 27, 2012 file aerial photo shows a home completely burned during the Lower North Fork Wildfire near Denver. (AP Photo/The Denver Post, Joe Amon, file)

Titone said she is open to working with the companies to give them more time to prepare for the legislation before it would go into effect.

“Maybe there’s some things that you need to push off a little bit later, but we shouldn’t kick the whole thing down the road just because there’s a couple technological things that we need to address,” Titone said.

The measure was assigned to the House **Business Affairs and Labor** Committee. Its first hearing hasn’t been scheduled yet.