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"At a tipping point": Colorado's home insurance market faces uncertain future

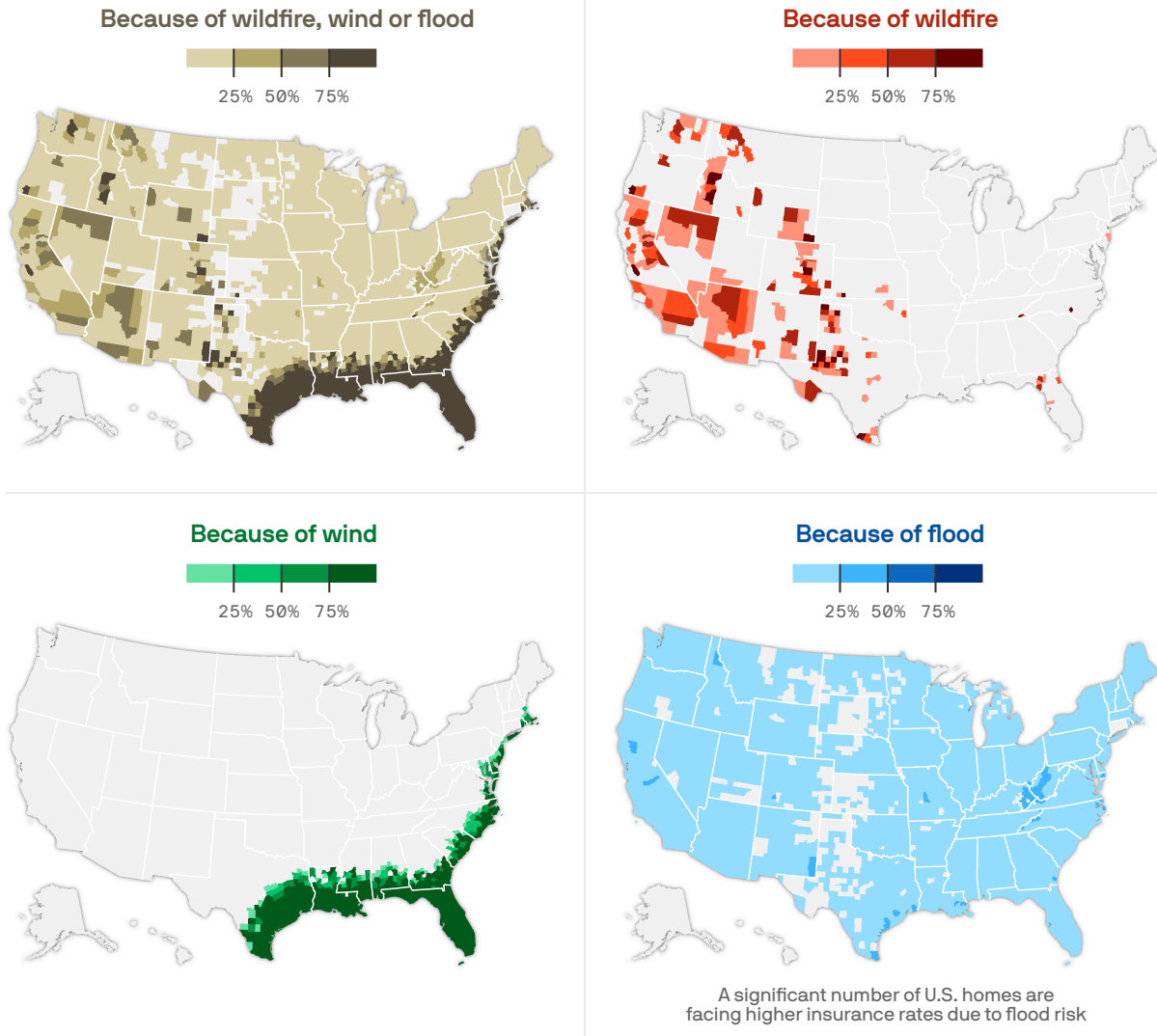


Alayna Alvarez



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Data: [First Street Foundation](#); Map: Kavya Beheraj/Axios

[Wildfires raging](#) in California are amplifying concerns surrounding Colorado's [already fragile home insurance market](#).

Why it matters: Colorado homeowners face some of the [steepest home insurance rates](#) in the nation — and growing threats of [wildfires](#) and other [extreme weather](#) could trigger higher costs or coverage loss altogether.

By the numbers: Colorado homeowners' insurance tags nationwide, averaging about \$



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[Insurance Information Association](#) shows.

- Meanwhile, more than 321,000 Colorado homes face moderate or higher wildfire risk, with potential reconstruction costs of \$141 billion, according to analytics firm [CoreLogic](#).

Driving the news: A new University of Colorado Boulder [study](#) on the [2021 Marshall Fire](#) revealed 74% of affected homeowners were underinsured, with 36% severely underinsured — covering less than 75% of replacement costs.

- Researchers attribute widespread coverage gaps to cost-cutting by insurers.
- "When consumers focus on premiums rather than coverage limits, insurers have a very natural incentive to cut prices by offering less insurance," study co-author Tony Cookson said in a statement.

Between the lines: Insurance companies have long been losing money in Colorado. A 2024 [New York Times analysis](#) shows the state was unprofitable for insurers in eight of the past 11 years from 2013 through 2023.

What they're saying: Colorado is on the brink of an insurance crisis, Carole Walker, executive director of Rocky Mountain Insurance Information Association, [told CBS4](#).

- "We really are at a tipping point," she said. "We're a few bad decisions away from being [where California is](#)."

State of play: In his annual [State of the State address](#) this month, Colorado Democratic [Gov. Jared Polis](#) called for reforms to lower insurance costs and expand access.



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What's next: The state will soon [begin selling coverage](#) for high-risk homeowners dropped by private insurers. Those insurance plans are likely to launch in the first few months of this year, per Colorado's Division of Insurance.

Go deeper: [Extreme weather is driving up insurance costs in Colorado](#)



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