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New bill aims to lower home insurance costs, but industry fears it could push insurers out of Colorado





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COLORADO — It’s not a reach to say that California is in the midst of an insurance crisis. Several insurers have pulled out of the state altogether or have significantly reduced their offerings.

Following years of catastrophic losses from natural disasters like wildfires and continual legislative changes to the insurance industry, some companies have found the cost of doing business is too great.

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After the devastating Los Angeles wildfires in January burned thousands of homes, there is renewed concern that a similar fate could hit the Colorado insurance market.

At the same time, home insurance rates have skyrocketed in Colorado, making coverage unaffordable for many property owners. The [Rocky Mountain Insurance Association](#) (RMIA) reported a 58% increase in Colorado homeowner premiums from 2018 to 2023.

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Colorado Capitol building.

State Representative Breanna Titone (D) proposed a new bill ([HB 1182](#)) in the legislature that would force insurance companies to tell customers how they could lower their premiums through efforts like fire mitigation, publicly publish wildfire and catastrophe risk models, and allow policyholders who are dropped or denied coverage to appeal the decisions.

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Democratic Representative Kyle Brown also co-sponsored the bill on the House side along with Senators Lisa Cutter (D) and Cleave Simpson (R).

“A lot of people want to do things to help protect their homes, but sometimes they do work that's not recognized by the insurance company or they do work that the insurance company doesn't really want to reward them for,” said Rep. Titone about homeowners conducting wildfire mitigation efforts.

“Mitigation reduces the risk. If we can reduce the risk, and the models can reflect that, then we're expecting the rates to be able to come down a little bit,” she said.

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she said, then there should be an incentive like a premium reduction.

The insurance industry said it recognizes that insurance modeling and fire risk scores should account for mitigation, but some proposals in the bill bring them pause.

“In California, they disallowed the forward modeling. All of the models showed that Altadena and Pacific Palisades were high-risk. The insurance companies weren't allowed to use the modeling in those areas to rate that risk and to make business decisions,” said Carole Walker, executive director of the RMIA. “If we start doing the same thing in Colorado, that's when we push past that tipping point. That's when we push companies out.”

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Walker said the insurance industry currently holds an “Amend” position on the bill, meaning they don't outright oppose it, but they won't support it until some changes are made.

Rep. Titone said she's willing and is currently working with insurers to figure out a way to make it amenable for everyone. “It's not our intention to push the insurance companies out of the state,” she said.

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Edgin said the bill has the right idea because so many people in Colorado Springs have difficulty finding affordable home insurance or any coverage in general. But he said the bill could have the unintended effect of raising premiums because some of the requirements are so onerous and expensive to implement.

“My biggest concern is what the end result is for the consumers with our home pricing, this may help some folks who are in any of the wildland-urban interchange areas, which is a significant number of people,” Edgin said.

“But for the rest of the state of Colorado and the residents of Colorado Springs, they may find that their homeowners insurance prices actually go up in order to subsidize some of those changes that are taking place.”

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Edgin said the catastrophe and wildfire risk modeling is proprietary data that every company uses to price policies and products.

He said another concern with HB 1182 is forcing intellectual property into the open, which can lessen the competition and reduce business.

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