

FAQ's about the Colorado Homeowners Insurance Reform Act of 2013

On May 10, 2013 Governor John Hickenlooper signed into law [a bill that gives Colorado residents new protections related to home insurance policies and claims](#). The following is a general explanation of the new law. It is not intended to be legal advice. If you have specific questions about how the law applies to you, we recommend that you consult an experienced attorney specializing in representing “policyholders” (consumers) in insurance matters.

United Policyholders is proud to be part of the team that helped improve and pass this new law. The team included wildfire survivors from Boulder, El Paso and Larimer Counties who travelled to the Capitol to educate lawmakers on their personal experiences with insurance, and consumer-oriented professionals who participated in the grass-roots lobbying effort as volunteers.

IF YOU HAVE A CURRENT, OPEN CLAIM:

Question: My policy says I have only one year from the date of loss to bring legal action (file a lawsuit) against my insurance company, and after that I lose my legal rights. But we are still negotiating. Does the new law give me more time to decide whether or not to sue my insurer?

Answer:

According to the lawmakers who carried the legislation, it does give you more time if you decide you need to file a lawsuit. They believe that because the new law was enacted before the one year anniversary of the 2012 Waldo Canyon, High Park and Woodland Heights wildfires, it does give you more time. If your policy has a one year suit limitation but your loss happened less than a year before the law was signed (May 10, 2013), you should have a few more years to file a lawsuit against your insurer if you're unable to reach a full and fair settlement.

Before the new law, insurers were allowed to write a lawsuit cut-off deadline into your policy contract that is shorter than the deadline in Colorado law; which is generally three years for a breach of an insurance contract. As of May 10th, 2013 (the date the bill was signed into law), if you have an open and valid claim under your insurance policy, you will now have the same amount of time to sue your insurer as you do under the law in Colorado related to recovering benefits owed under a contract. In other words, Colorado's statute of limitations now trumps insurance policy suit limitations. Breach of contract claims in Colorado are subject to a three year statute of limitations.

Question: Can I simply do nothing and assume the new law will protect me?

Answer:

To be safe, we recommend you do one of the following three things before the one year anniversary of your loss:

1. Get written confirmation from your insurance company that it does not intend to assert a one-year suit limitation on your claim, or;
2. Send your insurer a letter or email stating that you are hoping to resolve all outstanding issues related to your claim without having to file a lawsuit, but that you need to preserve your rights and are asking for their cooperation in that regard. State that you are writing to confirm your understanding that the new law means you will not lose your right to sue until 3 years after the date of loss, or;
3. Consult with a Colorado attorney who has experience representing policyholders.

Question: Does this law impact my current claim as to deadlines for submitting documentation and completing repairs or replacement of my personal property or my dwelling?

Answer:

No. Unless your insurer has agreed to extend policy deadlines for submitting proofs of loss, repair/replacement estimates, loss inventories or to collect full replacement value for damaged or destroyed property, the deadlines in your policy still apply. As to insurance policies sold in January, 2014 and beyond, the new law will impact these other deadlines.

NOTE: If you have an open claim, please be sure to meet all of your obligations under the insurance policy in order to preserve your rights. Please see the sample letter links below. Customize these letters and send them into your insurance company to protect your rights and be on the safe side about deadlines.

FOR ALL COLORADO HOMEOWNERS:

Question: How will this new law impact me?

Answer:

Starting on January 1, 2014, your home insurance policy will provide better protection in the event your

home is destroyed or seriously damaged. These changes include:

- Every “Replacement Cost” policy offered for purchase or renewal must include an option for, at a minimum:
 - Extended Replacement Cost coverage of at least 10% of the Dwelling Policy Limit (additional dollars available in the event of the need to rebuild)
 - Law and Ordinance coverage in the amount of at least 25% of the Dwelling Policy Limit (also additional dollars available in the event of the need to rebuild)
- Every “Replacement Cost” policy offered for purchase in Colorado for a “Dwelling” must include at least 12 months of “Loss of Use” (Additional Living Expenses) coverage. (In the event it is necessary after a covered loss to be out of the home due to evacuation, repairs, or replacement). The new law requires insurers to offer you the option of buying 24 months of ALE, which we recommend, if that higher amount is within your budget. Most people lose the use of their home for well over a year after a total loss, and 24 months of ALE has become standard in some policies and by law in some states.

FOR ALL HOMEOWNERS IN COLORADO AS OF JANUARY 1, 2015:

Question: Which provisions of the Homeowners Property Insurance Act of 2013 will take effect after January of 2015?

Answer:

- All endorsements, disclosure forms, and policies must not exceed the 10th grade reading level. Insurers shall revise all policies issues or renewed in Colorado after January 1, 2015, to meet these standards.
- The insurer must consider an estimate from a licensed contractor or architect submitted by you, (the policyholder) as the basis for establishing the replacement cost of a dwelling.
- The insurer must give you an electronic or paper copy of the entire policy including the declarations page and any endorsements within 3 business days after a loss, and upon your request, a “certified copy” within 30 days.
- In the event of an insured total loss your insurer must offer you a minimum of 30% of your contents limits without making you submit a detailed itemized inventory list.
- The insurer must make available to you the methodology used for depreciating the value of your personal property.

- You will have at least a full year after a total loss to submit an inventory of lost or damaged property.
- You will have a minimum of 365 days after you use up your Additional Living Expense benefits to replace property and recoup depreciation by collecting full replacement value.
- Insurance agents and brokers must access continuing education to help them do a better job at estimating dwelling replacement values.

Please Note: The information provided here is not a substitute for legal or other professional advice. If you have specific questions as to how these changes to Colorado law affect your policy and rights, please obtain the council of a qualified professional.

Additional Reading and Resources:

- [Hiring Professional Help](#)
- [Colorado Wildfire Help](#)
- [Sample Letter Requesting Extensions of Policy Deadlines](#)
- [Sample Letter Requesting Information about a Claim Denial](#)
- [Example of a letter from State Farm Acknowledging CO Homeowners Insurance Reform Act](#)

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