

Survivors Speak: Getting an Insurer to Pay Penalty Interest (Colorado)

Part of the *[“Survivors Speak” Tip Series](#)*

After we lost our house in the October 2020 East Troublesome Wildfire, we started attending the United Policyholders’ Roadmap to Recovery seminars. They were usually around dinner time, and so we were often eating dinner while listening for any applicable tips to help with the insurance mess we were dealing with. During one of these sessions, we heard that [Colorado regulation CCR 702-5-1-14-4 required all claims be settled in 60 days or the insurer—in our case State Farm—owed 8% interest.](#) This was a huge piece of information for us, since it had been five months since we filed our claim. I quickly asked UP staff to send me the relevant regulation, and then forwarded to our State Farm adjuster. The adjuster was completely unaware of the regulation and was in total disbelief when I mentioned it.

When I received no response from the insurance company, I sent them an email outlining our calculation of what was owed, which totaled over \$26,000, with the clock still running. When I again received no response, I filed a complaint on the Colorado Division of Insurance website, indicating that my insurer was refusing to pay interest on my claim. The DOI called a few days later, asked some basic questions, and reminded me we had to give State Farm 30 days to respond. After 28 days of hearing nothing I received a call from an actual State Farm employee manager who said they agreed they owed some penalty but disagreed with my calculations. They stated the claim doesn’t start until their adjuster is “on site,” and the fact the post office lost our \$490K Dwelling ACV check for 30 days was not their fault.

After two more months, State Farm finally sent a letter (with no explanation of how they calculated the amount) and a check for \$13,489 in payment for the interest penalty. We were not satisfied with their calculations so I filed another complaint on the DOI website, which started another 30 days of waiting. After 30 days, State Farm finally responded that they paid what they owed and disagreed with my math. The DOI was helpful in getting State Farm to take action, but they were not able to resolve the disagreement in calculations; they accepted State Farm’s word.

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Source: <https://uphelp.org/claim-guidance-publications/survivors-speak-getting-an-insurer-to-pay-penalty-interest/> Date: July

Feeling pretty smug we got a single nickel in interest, I filed a second complaint for the 147 days to settle our Coverage B contents claim. Again, State Farm sent what we felt was an untrue, but cleverly worded, response to the DOI and sent us a check for \$298 in interest penalty, which was a far cry from the \$14,234 we calculated they owed us. Again, the DOI passed our letters disagreeing with the calculation back and forth but we did not receive any additional interest payments.

Overall, I was amazed we got anything, but we felt frustrated knowing this is just one example of how the insurance companies unfairly profit off customers in their time of need. My advice is to give it a try. Every single dollar you get can help rebuild your life, but don't expect too much.

(Thanks to Jon Pratt, 2020 East Troublesome Fire Survivor, for this Survivors Speak publication.)