

Colorado disasters lead to home insurance spikes, cancellations

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Colorado is now one of the worst places in the United States for natural disasters. That's if your measure is insurance claims filed by homeowners. The state is now second only to tornado-struck Oklahoma for catastrophic claims, according to new data from the Insurance Research Council, a nonprofit that provides information on the industry. The increased impact of specifically wildfires and hailstorms in recent years means some homeowners have seen their rates double. And others won't get their policies renewed and will have to find insurance through another provider. Homeowners insurance claims in Colorado have risen dramatically in recent years after trending relatively flat for more than a decade. In 2012, following the Waldo Canyon wildfire and severe hailstorms, homeowners' claims hit a record for average payment per home at \$936, according to data provided by the Rocky Mountain Insurance Information Association, an industry nonprofit. That compares with an average of \$273 a decade earlier and since 2009, payments each year have trended significantly higher than in past years. Moreover, the trend outpaces inflation by far. The data does not include flood claims because flood insurance is considered a separate category in Colorado. Moreover, "the tragedy of our historic floods were that most people didn't have it," says Carole Walker, the executive director of the association. The insurance industry is investigating climate change as possible cause of the increased severe weather. "As assumers of risk, both property and liability risk, insurers seek to mitigate potential losses every day through a process known as risk management," the nonprofit Insurance Information Institute wrote in a recent topic paper. "Since climate change could lead to losses on a scale never before experienced, insurers are not waiting for researchers to produce all the answers." In addition to more severe storms and wildfire, Colorado's rising population and an increasing number of expensive homes damaged in storms are contributing to a rise in rates and some insurance companies' not to renew policies. "Insurance companies are looking at patterns and trends over a period of time," Walker says. "Unfortunately, the patterns and trends we've been living in Colorado are all these record-breaking catastrophe years." Walker spoke about insurance and rising claims with Colorado Matters host Ryan Warner.

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