

Colorado lawmakers propose insurance fees to tackle rising home coverage costs.

Legal Reader

Colorado is in the middle of a growing problem with home insurance. Over the past several years, people living in the state have watched their insurance costs go up and their options shrink. Some homeowners have been dropped by their providers altogether. This has happened as wildfires and hailstorms have gotten worse, leaving insurance companies to pay out bigger and more frequent claims. Now, lawmakers are trying to fix the mess—but the fix could cost homeowners more money upfront.

A new plan being pushed by the state’s insurance commissioner and some lawmakers would charge a 1% fee on every home insurance policy sold in Colorado. That works out to around \$30 a year for the average policyholder. The money would help create two programs. One would focus on making homes stronger against hail. The other would help offset the cost of big wildfire claims for insurance companies. Supporters of the idea believe that if more homes are protected, and if insurers get help covering losses, more companies will stay in the state and competition will help bring prices down in the long run.

Two separate bills have been introduced to put the plan in place. One bill sets up the programs and the fees that would fund them. The other bill would change how insurance companies decide what to charge. Right now, many of them use computer models that predict future risk, but these tools don’t always consider steps homeowners have already taken to protect their property. Lawmakers want to require insurers to give homeowners their risk scores and offer tips on how to improve them—so they might get lower rates.

Not everyone is on board. Some insurance groups were strongly against the original versions of the bills, saying the changes would drive even more companies out of Colorado. After some changes were made to the proposals, these groups backed off their opposition. Still, there’s concern about how the new rules would actually work and how companies would prove they’re following them. There’s also the issue of

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.

Source: <https://uphelp.org/colorado-lawmakers-propose-insurance-fees-to-tackle-rising-home-coverage-costs/> Date: June 10,

who decides which home improvements count as risk-reducing.

One group that supports the bills is United Policyholders, a consumer advocacy organization. They say the changes could make it easier for people to get insurance and lower what they pay. Local governments and fire departments are also in favor of the plan. They argue that the current situation isn't working and homeowners need better options.

Wildfires may get more attention in the news, but state officials say the biggest problem for insurance costs is hail. Colorado has some of the most expensive hail damage in the country. That's why one of the proposed programs would give money to homeowners who replace their roofs with hail-resistant ones. Right now, those roofs can cost a few thousand dollars more than a regular one. The idea is that the grant would cover the difference. People who already have hail-proof roofs wouldn't pay the fee anymore. If more homes get these stronger roofs, fewer claims would be filed, and that could lead to lower prices for everyone.

But these kinds of changes take time. And the insurance companies still need to make money or they'll leave the state. Some Colorado homeowners are already turning to the state's new "last resort" program called the FAIR Plan. It offers basic insurance for those who can't find a policy anywhere else. But even that comes with costs, which are being passed down to customers.

People living in Colorado want answers. They want to protect their homes. They want insurance they can afford. Lawmakers say these new steps could help get them there. But whether or not it works—and how fast—is still an open question.