[The Aspen Acres fire has destroyed your home. When it comes to insurance, what’s next?]

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With 319 burned homes so far tallied, the Aspen Acres fire is the most destructive Colorado wildfire by homes lost since the Marshall fire in 2021. In the intervening half-decade, lessons learned have put a legislative focus on the Colorado insurance landscape for communities facing catastrophic losses.

Some things have stayed the same, says United Policyholders volunteer Kerri Waite.

“At the end of the day, the basic principles of how to navigate a claim like that don’t change,” she said.

Waite joined United Policyholders, an insurance consumer advocacy group, after her home sustained major damage in the 2012 Waldo Canyon fire. She said rebuilding can be a long, hard road, especially for the many homeowners who are underinsured.

With the over-100,000-acre fire still burning west of Pueblo, data on how many homes were uninsured or underinsured is still being compiled, said Rocky Mountain Insurance Information Association Executive Director Carole Walker.

For those with policies, Walker said it was important to start the claims process quickly but to understand that it will take time. She cautioned against committing to any construction contracts before the homeowner understands the full picture. She said scams and fraud are not uncommon in the wake of a disaster.

“We just want to caution people to take a deep breath,” she said.

The first insurance payout may be for immediate living expenses due to displacement, such as rent, utilities and hotel stays. Under House Bill 22-1111, a Colorado law passed in 2022, insurance companies are required to provide at least 24 months of additional living expenses coverage, which can be extended.

Additional living expenses don’t include mortgage payments, which are still typically owed on a destroyed home.

One of the next checks homeowners see, said Walker, is for personal possessions — things of value in the home excluding vehicles, which are covered separately under car insurance.

“The first check you get isn’t your last check,” she cautioned.

When it comes to rebuilding, one of the early decisions will be whether to try to replace a home in the same location or move elsewhere. Under HB 22-1111, insurance companies in Colorado must honor a policy either way.

Underinsurance

Rebuilding in the same location comes with many potential pitfalls. The worst may be underinsurance, when the cost to replace a home exceeds the cap on a policy. A 2022 study by the Colorado Division of Insurance found that, depending on the cost to rebuild per square foot, homes destroyed in the Marshall fire were from 36% to 67% underinsured.

Only 8% of homes had full guaranteed replacement policies without a cap.

Waite said she often sees in her work replacement costs that exceed what a destroyed home was worth.

“The cost to rebuild is not directly correlated even with the market value,” she said.

Much of the problem is ballooning construction costs, which tend to spike for an area experiencing a widespread disaster. Policyholders may not be aware that costs have increased at a faster rate than their policy.

Rebuild and repair costs are also driving up insurance premiums in the overall market.

“Those costs are going up exponentially and in real time,” said Walker.

Another factor potentially driving underinsurance is updates to residential building codes. A majority of the homes destroyed in the Aspen Acres fire fall within the wildland-urban interface, a designation that carries new building codes as of this year. Home rebuilds and repairs will need to follow minimum standards for wildfire resiliency as of this summer.

Walker said the new standards are an investment to mitigate the possibility of another devastating fire. She said rebuilding with wildfire mitigation in mind may also help keep the insurance market open for people in high-risk areas.

“It will be really positive for those impacted communities,” she said.

To combat underinsurance, state lawmakers passed a bill in 2023 requiring insurance companies to boost the amount of extended replacement coverage offered to policyholders to at least 50%. Policyholders don’t have to accept, however.

Environmental concerns, insurance

The effects of a wildfire don’t end when it stops burning. Burn scars and downstream places can be at much higher risk of flash flooding for years, while fire and smoke release environmental contaminants.

Waite said homeowners should be aware of the possibility of costs and hazards beyond the immediate, visible damage.

“There’s a lot to unwrap with fires these days,” she said.

The United Policyholders’ website advises evacuees returning to wildfire areas to be aware that “heavy smoke, nearby flames and extreme heat can cause visible or hidden damage, impact a home’s air quality and/or create health hazards you may not be able to see or smell.”

The organization recommends caution for moving back in, especially for people with respiratory conditions. Waite said homeowners might want to push for specialized inspections if they suspect their homes might be contaminated due to fire or smoke.

Bottom line, she said policyholders will need to stay informed and advocate for themselves.

“They will need to mine their claim with a pickaxe to get the resources they need to recover,” she said.

Helpful links

Colorado Department of Insurance wildfire landing page:

https://doi.colorado.gov/news-releases-consumer-advisories/consumer-advisory-division-of-insurance-is-here-to-help

RMIAA after the fire guides:

http://www.rmiia.org/downloads/AfterTheFire_StepByStep2.pdf

http://www.rmiia.org/homeowners/Walking_Through_Your_Policy/Settlement_Process.as

United Policyholders Colorado wildfires page:

https://uphelp.org/disaster-recovery-help/2026-colorado-wildfires-insurance-claim-and-recovery-help

Colorado Small Business Development Center wildfire guide:

https://docs.google.com/document/d/1_bmqmVyro7ItCy1zK0hc7QzIFUlDr-KFdILMK3iAK-s/edit?tab=t.0

Our Front Porch Colorado disaster recovery page:

https://www.ourfrontporchco.org

Mile High United Way wildfire resources:

https://www.211colorado.org/wildfire-resources/#aspenacres

American Red Cross disaster recovery:

https://www.redcross.org/get-help/disaster-relief-and-recovery-services.html