

10-4-110.8. Homeowner's insurance - prohibited and required practices - estimates of replacement value - additional living expense coverage - copies of policies - personal property contents coverage - inventory of personal property - definitions - rules

(1) An insurer may not cancel or fail to renew coverage of an insured solely because the insured inquires about coverage for homeowner's insurance and the inquiry is not related to an actual claim to the property insured.

(2) An insurer may only provide information regarding claims to an entity that compiles or monitors personal claim or loss experience shared by insurers for underwriting or rating purposes.

(3) For the purposes of this section, unless the context otherwise requires:

(a) "Additional living expense coverage" or "ALE" covers increased living expenses during the time required to repair or replace damage to the policyholder's dwelling unit following an insured loss or, if the policyholder permanently relocates, the time required to move the policyholder's household to a new location.

(b) "Claim" includes a demand for payment of a benefit by the insured, the payment of a covered benefit by an insurer, a loss reserve established by the insurer, a loss adjustment expense incurred by the insurer, or a payment made to the insured.

(c) "Dwelling" means a single-family home, other than a mobile home, condominium, or manufactured home, that is used as a primary residence by the owner of the dwelling.

(d) "Extended replacement cost coverage" pays a designated amount above the policy limit to replace a damaged structure if necessary under current building conditions.

(e) "Inquiry" means a request for information regarding the terms, conditions, or coverages afforded under an insurance contract.

(f) "Law and ordinance coverage" means coverage for increased costs of demolition, construction, renovation, or repair associated with the enforcement of building ordinances and laws.

(g) "Recoverable depreciation" means the difference between the cost to replace insured property and the actual cash value of the property.

(4) Every insurer issuing a policy of homeowner's insurance shall comply with section 10-3-1104

(1)(h) and all other provisions of part 11 of article 3 of this title.

(5)

(a) In a common interest community, as defined in section 38-33.3-103 (8), C.R.S., a unit owner may file a claim against the policy of the unit owner's association to the same extent, and with the same effect, as if the unit owner were a named insured if the following conditions are met:

(I) The unit owner has contacted the executive board or the association's managing agent in writing, and in accordance with any applicable association policies or procedures for owner-initiated insurance claims, regarding the subject matter of the claim;

(II) The unit owner has given the association at least fifteen days to respond in writing, and, if so requested, has given the association's agent a reasonable opportunity to inspect the damage; and

(III) The subject matter of the claim falls within the association's insurance responsibilities.

(b) The association's insurer, when determining premiums to be charged to the association, shall not take into account any request by a unit owner for a clarification of coverage.

(6)

(a) Before issuance or renewal of a replacement-cost homeowner's insurance policy whose dwelling limit is equal to or greater than the estimated replacement cost of the residence, the insurer shall make available to an applicant the opportunity to obtain extended replacement-cost coverage and law and ordinance coverage. At a minimum, the insurer shall make available law and ordinance coverage in an amount of insurance equal to ten percent of the limit of the insurance for the dwelling and extended replacement-cost coverage in an amount of insurance that is at least twenty percent of the limit of the insurance for the dwelling. Information provided must be accompanied by an explanation of the purpose, terms, and cost of these coverages. This paragraph (a) does not apply to any homeowner's insurance policy that already includes extended replacement-cost coverage and law and ordinance coverage in amounts greater than or equal to the amounts specified in this paragraph (a).

(b) All homeowner's insurance replacement cost policies for a dwelling must include additional living expense coverage. This coverage must be available for a period of at least twelve months and is subject to other policy provisions. Insurers shall offer policyholders the opportunity to purchase a total of twenty-four months of ALE coverage and give an applicant an explanation of the purpose, terms, and cost of this coverage. This paragraph (b) does not apply to any homeowner's insurance policy that already includes at least twenty-four months of ALE coverage as a standard provision.

(7)

(a) The text of all endorsements, summary disclosure forms, and homeowner's insurance policies must not exceed the tenth-grade reading level, as measured by the Flesch-Kincaid grade level formula, or must not score less than fifty as measured by the Flesch reading ease formula. Insurers shall revise all homeowner's insurance policies issued or renewed in Colorado on or after January 1, 2015, to comply with this subsection (7). Thereafter, all homeowner's insurance policies must comply with this subsection (7).

(b) For the purposes of this subsection (7):

(I) A contraction, hyphenated word, or numbers and letters, when separated by spaces, count as one word;

(II) A unit of words ending with a period, semicolon, or colon, but excluding headings and captions, count as a sentence; and

(III) A syllable means a unit of spoken language consisting of one or more letters of a word as divided by an accepted dictionary. If the dictionary shows two or more equally acceptable pronunciations of a word, a pronunciation containing fewer syllables may be used.

(IV) "Text" includes all printed matter except the following:

(A) The name and address of the insurer; the name, number, or title of the policy; the table of contents or index; captions and subcaptions; and specification pages, schedules, or tables; and

(B) Any policy language that is drafted to conform to the requirements of a federal law or regulation; any policy language required by a collectively bargained agreement; any medical terminology; any words that are defined in the policy; and any policy language required by law or regulation if the insurer identifies the language or terminology excepted and certifies in writing that the language or terminology is entitled to be excepted.

(8) The insurer must consider, subject to the insurer's underwriting requirements, an estimate from a licensed contractor or licensed architect submitted by the policyholder as the basis for establishing the replacement cost of a dwelling.

(9) At renewal of a homeowner's insurance policy, the insurer shall provide written notification to the policyholder describing changes in insurance policy language that are applicable to that renewal period.

(10) Every homeowner's insurance carrier shall make available to a policyholder an electronic or paper copy of the policyholder's insurance policy, including the declaration page and any endorsements, within three business days after a request from the policyholder. The policyholder shall determine the method of delivery. Every homeowner's insurance carrier shall make available to a policyholder a certified copy of the policyholder's insurance policy within thirty days after a request from the policyholder.

(11)

(a) In the event of a total loss of the contents of an owner-occupied primary residence that was furnished at the time of loss, the insurer shall offer the policyholder a minimum of thirty percent, or a larger percent by mutual agreement of the policyholder and insurer, of the value of the contents coverage reflected in the declaration page of the homeowner's policy without requiring submittal of a written inventory of the contents. In order to receive up to the full value of the contents coverage, the policyholder may accept the offer under this paragraph (a) and submit a written inventory as required by the insurer.

(b) If the policyholder receives the depreciated value of contents insured under a policy, the insurer must make available to the insured the methodology used for determining the depreciated value of the insured contents.

(c)

(I) An insurer shall allow the policyholder at least three hundred sixty-five days after a total loss claim to submit an inventory of lost or damaged property.

(II) An insurer shall allow the policyholder at least three hundred sixty-five days after expiration of ALE to replace property and receive recoverable depreciation on that property.

(12)

(a) Notwithstanding any provision of a homeowner's insurance policy that requires the policyholder to file suit against the insurer, in the case of any dispute, within a period of time that is shorter than required by the applicable statute of limitations provided by law, a homeowner may file such a suit within the period of time allowed by the applicable statute of limitations; except that this paragraph (a):

(I) Does not revive a cause of action that, as of May 10, 2013, has already been barred by contract; and

(II) Applies only to a cause of action that, as of May 10, 2013, has not been barred by contract.

(b) On and after January 1, 2014, an insurer shall not issue or renew a homeowner's insurance policy that requires the policyholder to file suit against the insurer, in the case of any dispute, within a period of time that is shorter than required by the applicable statute of limitations provided by law.