



Bulletin No. B-5.46

Guidance for Enforcement of House Bill 23-1174

I. Background and Purpose

The purpose of this Bulletin is to provide guidance on the implementation and enforcement of House Bill (HB) 23-1174, specifically regarding the sixty-day (60) days' notice of non-renewal requirements and the offer of Extended Replacement Cost (ERC) and Law and Ordinance (L&O) coverages.

Bulletins are the Division's interpretations of existing insurance law or general statements of Division policy. Bulletins themselves establish neither binding norms nor finally determine issues or rights.

II. Applicability and Scope

This Bulletin is intended for all property and casualty insurers writing, issuing, non-renewing or canceling homeowners' insurance policies, as defined in § 10-4-110.6, C.R.S.

III. Division Position

House Bill 23-1174 becomes effective August 7, 2023. In response to insurer inquiries the Division is issuing this guidance concerning the non-renewal notice requirements and notification of the availability of Extended Replacement Cost (ERC), Law and Ordinance (L&O) and Inflation Protection coverage.

Cancellation and Non-renewal Notification Requirements:

Section 10-4-110.7 (3), C.R.S. is amended to require cancellation and non-renewal notices be mailed, by first-class mail to the named insured, at the last address shown in the insurer's records, at least sixty (60) days prior to the effective date of the cancellation or non-renewal.

The Division's position is that the sixty (60) day notice requirement goes into effect on August 7, 2023. Therefore, any cancellation or non-renewal notice issued for policies that would have renewed on or after October 5, 2023, must be mailed to the last known address at least sixty (60) days prior to the cancellation or non-renewal effective date. Except that, where cancellation is for non-payment of premium, the insurer shall provide at least ten days' notice of cancellation accompanied by the reasons for taking such action.

Availability of ERC and L&O Coverage:

For new policy applications and policy renewals issued on or after January 1, 2024, insurers shall include in the policy package the opportunity to purchase coverage at or above 50% Extended Replacement Cost (ERC) coverage and 20% Law & Ordinance (L&O) coverage. This requirement does not apply if the policyholder's homeowner insurance policy already includes

guaranteed replacement cost coverage. It also does not apply if the policy includes at least 50% ERC, 20% L&O coverage or equivalent inflation protection coverage.

For policies that are initiated or renewed prior to January 1, 2024, without guaranteed replacement cost coverage, at least 50% ERC and 20% L&O coverage, we recommend that insurers provide consumers with the opportunity to increase coverage to these levels prior to December 31, 2023. Insurers may offer policyholders the ability to increase coverage as required by HB 23-1174 pursuant to the manner in which the policyholder has chosen to receive information from the insurer.

To avoid questions or disputes concerning the offer of the ERC and L&O coverages, the Division recommends that the insurer or its producer maintain documentation of the offer of coverage.

IV. Additional Division Resources

A. For More Information

Colorado Division of Insurance
Property Casualty & Title Consumer Services
1560 Broadway, Suite 850
Denver, CO 80202
Tel. 303-894-7499 or 1-800-930-3745 (toll free)
Internet: doi.colorado.gov

V. History

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