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Colorado homeowners scramble for affordable coverage as rates skyrocket



Sara B. Hansen

Colorado homeowners feel the pinch as home insurance costs keep climbing.

According to an Insurify report, premiums will

jump by about 11% this year, with the average annual premium hitting \$6,630.

- Colorado's insurance rates are among the most expensive in the U.S., with the state ranking fourth.
- Hail and wildfire risks continue to drive up insurance costs.
- Over 300,000 Colorado homes are at risk of wildfire damage.

Rising costs make it increasingly challenging for homeowners to secure affordable coverage.

According to a ValuePenguin survey:

- In 2024, two-thirds of homeowners experienced increased insurance premiums, with 25% of their insurers dropping them.
- 50% of homeowners worry about their homes becoming uninsurable.
- 44% find home insurance harder to afford than in previous years, and 75% expect rate hikes in 2025.
- 58% shopped for insurance, saving an average of \$1,034 annually, while 56% saved an average of \$781 by asking for discounts.
- 34% reduced their coverage to save money, and 31% considered dropping home insurance entirely to self-insure.

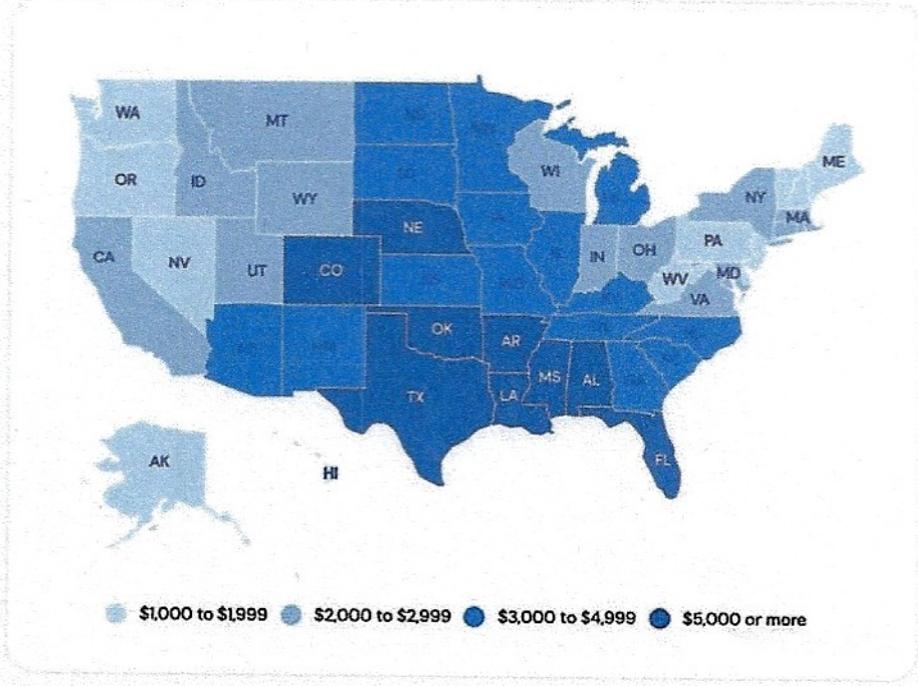
Homeowners without insurance jump

Despite the risks illustrated by California's wildfires, a LendingTree study shows millions of homeowners remain uninsured.

Key findings include:

- Nearly one in seven homes in the U.S. is uninsured, totaling 11.3 million out of 82.9 million owner-occupied homes (13.6%).
- Approximately 10% of homes in Colorado are uninsured.
- Home insurance rates in Colorado jumped 76.6% over the last six years.
- In 2025, the average Colorado homeowners' insurance policy costs \$3,331 per year for \$350,000 of dwelling coverage, which is 55% more expensive than the national average of \$2,151 per year.
- Colorado has higher home insurance rates than neighboring states. Home insurance is cheaper in Arizona (\$1,993/year) and Nevada (\$1,350/year). In Nebraska, rates are more expensive, at \$4,370 per year.
- Where you live in Colorado also affects home insurance premiums. Lamar is the most costly, with an average annual cost of \$4,864, while the cheapest, Fruitvale, has an average rate of \$1,550.
- In Denver, home insurance costs \$4,002 annually, or 20% above the state average. In Colorado Springs, the state's second-largest city, you'll pay \$4,248 per year on average.

Average Annual Cost of Home Insurance (2025 Projection)



Source: Analysis of data from Insurify and Quadrant Information Services



Colorado works for a fix

Colorado is working to lower homeowner insurance costs by adding a 1% policy fee. That would increase the average annual cost by about \$32 but ultimately increase competition, enhance homeowner protections, and lower premiums.

The fee would fund state programs to address hail damage and wildfire risk to keep insurance companies from leaving the state.

The Colorado legislature is considering two bills to enhance homeowners' insurance accessibility:

House Bill 1302 would create two boards that levy a 0.5% premium fee to fund a reinsurance program for wildfire

losses and a grant program for hail-resistant roofs.

House Bill 1182 aims to regulate insurance companies' use of risk assessment models. It would require companies to inform customers of their wildfire risk scores and suggest ways to lower those scores and costs.

Sara B. Hansen has been an editor and writer for more than 20 years. Her professional background includes editing positions at The Denver Post, The Des Moines Register, The Fort Collins Coloradoan, and At Home with Century 21. She's also the founder and editor of DogsBestLife.com and the author of "The Complete Guide to Cocker Spaniels."