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Premiums are soaring faster than other states' Average costs double since 2020 and are expected to surpass \$4,000 a year in 2026

BYALDO SVALDI ASVALDI@DENVERPOST.COM

When Peter McClure and his family purchased their home in Severance in 2021, insuring the property cost \$1,584 a year. Initially, he viewed Colorado's property taxes and insurance costs as a bargain compared with California's, the state he left behind. That didn't last long. After years of repeated hikes, McClure's most recent quote from Nationwide Insurance was \$11,300, seven times more than what he was charged when he first moved in. "I took it as they don't want my business. I didn't even try to talk to them," said a frustrated McClure. He found a more affordable policy from Farmers Insurance for \$5,404 a year. That is still 3.4 times above his initial premium but less than half of what Nationwide wanted. Although the increase McClure faced represents an extreme case, it isn't an isolated one. Colorado home insurance premiums have doubled since 2020 and are up 55% since 2023, outstripping the gains seen in other states. Crews install roofing on a new home built by Tri Pointe Homes Colorado in Aurora Highlands in 2024. RJ SANGOSTI — DENVER POST FILE Already burdened after a spike in property taxes, homeowners in the state are spending on average nearly \$1 out of every \$22 they earn insuring their properties, draining dollars that otherwise could support local economies. "It has been brutal the past three years," said Dustin Hailey, owner of Insurance Club in Denver, an insurance brokerage that McClure turned to when he moved to Colorado. Hailey has eyes on about 100 home policies coming up for renewal each month, and annual increases of \$700 to \$1,000 are fairly common. Deductibles, especially for hail and wind damage, are going up. McClure said he has tried to understand why his premiums went up so much. His neighborhood isn't in the foothills and far from any forests or the dry grasses that allowed the Marshall fire to burn deep into residential neighborhoods and destroy more than 1,000 homes. Severance, which is 10 miles east of Fort Collins, is surrounded by irrigated croplands. He lives a mile from a fire station. Utility lines in his neighborhood are buried, reducing fire risks and damaging outages from high winds. His home has hail-resistant shingles. All of those should have helped to keep premiums in check. Not long after he moved in, McClure said a bad hailstorm hit his neighborhood. The tougher shingles the previous owner installed did their job and protected the roof. For about a month, a steady flow of roofers came knocking on his door. Some were offering to pay his deductible if he replaced his roof with them, which is illegal in Colorado. "A lot of houses were getting brand new roofs, even houses only a year or two old. A lot of repairs were happening that maybe didn't need to happen. There was opportunism," he said. Weld County consistently has ranked as the top county in the country for tornado touchdowns since tracking began in 1950, according to the National Weather Service. And Colorado ranks second after Texas for hail-related claims. Severe weather isn't anything new to the northern Front Range. But storms are growing more intense, and the damage they are causing has risen sevenfold in the past five years. McClure's experience represents an extreme case. On average, Colorado home insurance premiums have doubled from 2020 to 2025, the largest gain in any state, according to a study from LendingTree. "When premiums double this quickly, it's a sign that insurers are struggling to keep pace with rising claims and rebuilding costs," said Rob Bhatt, a licensed insurance agent who provided comments in the LendingTree report. "Unfortunately, homeowners often feel the impact first through higher rates and fewer coverage options." LendingTree ranks Colorado as the seventh-most-

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unstable home insurance market in the country, and premium hikes are hitting consumers, who are struggling with rising property taxes, directly in the pocketbook. “At the high end, 54% or around \$2,258 of Colorado homeowners’ premiums can be attributed to hail,” said Matt Brannon, a senior data analyst at Insurify, a digital insurance comparison platform, which conducted a separate study. Wildfire risks contribute 1% to 25% of premiums, depending on the county. In 2023 Colorado was only slightly above the national average with home insurance premiums of \$2,584 a year. Now premiums run more than \$1,000 above the U.S. average of \$2,948, according to Insurify. Colorado home insurance premiums averaged \$3,032 at the end of 2024, a 17% increase from 2023, and were at \$3,996 at the end of 2024, a 33% increase. Those premiums covered dwellings that averaged \$324,724 in value. Insurify, however, predicts increases will taper this year, with a 4% gain in premiums lifting the average in Colorado to \$4,164. Home insurance premiums are expected to average \$4,533 in metro Denver this year, \$3,966 in Boulder, \$3,631 in Larimer County and \$4,772 in Colorado Springs. Only five states had higher average home insurance premiums than Colorado last year. They include hurricane-prone Florida at \$8,292, Louisiana at \$5,050, Oklahoma at \$4,962, Texas at \$4,380 and Nebraska at \$4,028. As for California, the state McClure left during the pandemic in pursuit of a lower cost of living — its average premium is substantially below Colorado’s at \$2,455, despite its mudslides, earthquakes and intense urban wildfires. Colorado homeowners have faced the biggest premium increases of any state, even though the loss ratio, or the amount of revenues that go out in claims, remains in the low 80% range, according to LendingTree’s analysis. When payouts for claims exceed the premiums collected, insurers need to raise revenues or risk going insolvent. In Louisiana, the payout ratio between 2020 and 2024 exceeded 140%. In Iowa, which had the second-biggest premium increases after Colorado, it ran 118%. Although claims in 2023 surpassed premiums paid in Colorado, from 2020 and 2024 the loss ratio has averaged 81.6% which ranked 10th-worst among states, according to LendingTree. Even though claims aren’t exceeding premiums, Colorado’s ratio exceeds the 60% to 70% range that insurers want to see. That range allows them to cover overhead and turn a profit. “Colorado tops all the lists nobody wants to be on,” said Carole Walker, executive director of the Rocky Mountain Insurance Information Association. “We have a very challenging business environment.” Colorado has seen litigation costs and regulatory burdens around insurance rise, Walker said. Nearly \$2 out of \$3 paid out are the result of “catastrophic” claims, putting the state into a category the industry calls a “hard” market. Because Colorado is now considered a “dual” risk market at risk of large-scale hail and wildfire catastrophes, reinsurance policies, which help insurers offload the risk of large and unexpected events, are more costly to obtain. “The global reinsurance market now views Colorado as a high-risk zone similar to Florida or California,” Brannon said. And reinsurers are dialing down to the regional and state level to account for more severe weather patterns. If the northern Front Range had Mesa County weather, insurance premiums wouldn’t be making headlines because they wouldn’t be rising so much. Colorado’s population, not to mention its strongest new home construction zones, are increasingly concentrated in the most hail-prone part of the state. The state also has a long history of “storm chasers” or roofing crews that show up after a big storm, claiming intact roofs need replacement, typically inflating repair costs in the process, Walker said. And if all that weren’t bad enough, Colorado has higher construction costs, which makes rebuilding and repairing things after a catastrophe more expensive than in other states. Nearly 1 in 10 homeowners in the state go without insurance coverage, according to LendingTree. That is on the low end among states

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— Louisiana is at 1 in 5. But the share of uncovered and undercovered homes may climb as premiums rise, increasing the odds that damaged homes don't get fixed. One key piece of advice offered to consumers coping with rising premiums is to shop around. McClure's example shows how that can pay. Walker cautions consumers, however, to be careful that they aren't cutting corners in ways that they will come to regret later. They need to understand what deductibles they are on the hook for and what coverage reductions they are willing to accept. And they should never drop their existing coverage until a new policy is locked in. Hailey said insurers are significantly increasing the deductibles on roof replacements to give homeowners more skin in the game. And in a new twist, he has started to see coverage plans specific to roof replacements pop up. Some insurers are reducing their underwriting in the state, while others are pricing risk in ways that, from the outside, seem designed to test the pain threshold of homeowners or to get them to leave. Hailey said one client had her home insurance premiums go from \$8,500 a year to \$29,500 a year. "Why not just non-renew it? That is offensive," he said. Non-renewals are running about 25% higher in Colorado than they were in 2018, according to a study from the Regional Economic Development Institute at Colorado State University. To help those who can't find coverage, the state last year also implemented an insurer-of-last-resort option known as the FAIR Plan. Walker said insurers are trying to keep costs in check by pushing for the widespread use of Class 4 impactresistant shingles when roofs are replaced. Homeowners should work only with established and reputable roofing companies. LendingTree estimates that home insurance premiums eat up 4.6% of homeowners' household incomes on average in Colorado. Although that isn't the most extreme share, insurance is becoming a heavier burden. McClure said the big increases in insurance premiums have weighed on his spending decisions, and he doesn't see how they won't weigh on the larger state economy by soaking up disposable income. His family put a ski trip for the kids this winter on ice and canceled their summer vacation plans. They also backed away from plans to buy a new car. "That is money that we would have spent into the Colorado economy that is instead going to some insurance company executive salary or to their shareholders," he said. "This, on a mass scale, is exporting wealth and funds out of Colorado." Walker counters that premium increases, for homes and autos, are in line with the obligations insurers are facing in Colorado. "We are in a situation where, unfortunately, insurance companies have to take in enough premiums to pay out claims," Walker said. "The number and cost of claims are rising at a record pace."

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