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Insurance premiums soar for homes in Denver suburbs

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After a summer when wildfires have dominated the headlines, homeowners and homebuyers in some of Denver's most appealing suburbs are getting reminders of that risk when they see their mortgage payments bumped by higher insurance premiums.



"Home insurance is the cause of sticker shock these days," Seattle-based insurance analyst Robb Bhatt with LendingTree told The Denver Gazette, as his company released a study underscoring how much more Colorado homeowners pay for insurance versus the rest of the nation. Colorado now ranks fifth nationally in what it calls wildfire-related insurance vulnerability, according to the group. *Note*

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That rating coincides with a year when, according to the Colorado Division of Fire Prevention and Control, the state could experience as many as 8,000 wildfires. The state saw some 81,000 acres consumed by fire in 2024. That figure jumped to 355,000 acres last year and already some 273,000 acres have been consumed this year — more than three times the loss two years ago. Note

Meanwhile, new housing growth in Colorado tends to be disproportionately occurring in land prone to wildfire risk, the study noted.

Some 784,000 buildings in Colorado face a direct risk of wildfire exposure and the number of homes exposed in such areas has climbed 32.3% since 1990, the study said.

Real estate agents are among the first to sense that growing worry, as their clients on new purchases confront the figures for homeowner insurance escrowed within their estimated monthly mortgage costs.

"We've always lived in a state where fire is an issue," Littleton-based agent Heather O'Leary with eXp Real Estate, who specializes in neighborhoods in south Jefferson and Douglas counties, told The Denver Gazette.

In a video she released this month about changes in the Denver residential market, O'Leary, a former math teacher, said that costs for some homeowners have become brutal.

"Insurance is costing much more, catching people off guard. Annual premiums statewide are now well over \$4,000," she said in the video. "If you're buying in a high-risk wildfire area, you're looking at well over \$10,000 in premiums per year."

Landin Smith, broker with Jefferson County-based RE/MAX Professionals, confirmed that insurance has become a major uncertainty in a market that continues to struggle with growing inventory and with home prices that have fallen little since the top of the market in 2022 and 2023. Note

He noted that he had just been involved in a sale of a larger home in Back Country in Highlands Ranch, where yearly insurance premiums would approximate \$13,000.

"It can absolutely be a deal breaker; I have seen a couple of deals fall through because of it," he told The Denver Gazette.

Once an afterthought

At a time when agents are particularly sensitive to the rate of cancellations in pending contracts, Smith said some 18% of those are terminating because of issues related to inspection reports. Higher insurance costs can be a direct consequence of such issues. Note

"Up until recently homeowner insurance was the afterthought. Now, it's a whole different ballgame," LendingTree's Bhatt said. "It can be a deal-breaker and will count toward what you can borrow." Note

California, site of the horrific wildfires in Pacific Palisades and Altadena that collectively tore through 16,000 structures and directly caused 31 deaths in 2025, still gets the top rank of the wildfire vulnerability assessment, according to Bhatt.

But he added that Colorado actually ranks much higher than California in the percentage of monthly mortgage costs that go toward insurance cost. In California, Bhatt said, less than 4% of average housing costs are consumed by insurance.

Here in Colorado, that average is 13%, he said.

"The risk is high (in Colorado), but also the cost of home insurance as a share of homeownership is higher," he noted.

In wildfire-prone areas, where owners may be paying additional premiums to cover the risk, the percentage cost as a component of overall mortgage costs could be higher still.

Bhatt cautioned that some of the Colorado-versus- California comparison can be influenced by respective housing costs.

Although both states have comparatively high costs, California median home prices are still 40% or more higher than Colorado's. He added that some areas of California have notably fallen behind the rate of increase experienced elsewhere.

Colorado sees some of the largest increases in the U.S. - No

Nevertheless, Colorado has had some of the biggest increases in the country over the last five years, Bhatt noted.

"Costs of homes have gone up, but now insurance is added to the cost. It's happening at the same time when droughts have gotten worse."

Following a tragic fire in Marshall, Superior and Louisville in 2021, suburban Denver counties closest both to the natural splendor and to the wildfire risks have been active in seeking to mitigate risks for residents.

In Jefferson County, a major effort seeks to mitigate fire danger with the help of a \$9.7 million federal grant, with dollars to be applied to staff, specialized equipment, vegetation mitigation projects and incentives for homeowners to create defensible spaces.

Meanwhile, Douglas County rolled out an emergency alert system earlier this year, designed to reach residents during drought and fire emergencies.

Douglas County Sheriff's patrol cars emit a distinct, alternating tone, followed by a message: "A mandatory evacuation order has been issued for this area. Please evacuate immediately."

County officials cited catastrophic wildfires — including Palisades in California and Lahaina in Hawaii — as examples proving the importance of advanced systems in defending residents against fast-moving wildfires.

Douglas County recently invested \$1.5 million in year-round aerial firefighting support and \$5 million to construct a dedicated helicopter hangar.

The county's dedicated helicopter has already flown on 20 wildfire emergencies this year, according to a 9News report.

Insurance companies tap computerized risk modeling

Meanwhile, insurance companies are covering their own risks by using computerized modeling to evaluate chances of fires in specific neighborhoods that could enable them to impose premiums on insured parties in areas with the higher risks.

Genna Morton, who directs the information office at the Colorado Division of Insurance, told The Denver Gazette that the state agency is focused on increasing the availability and affordability of home insurance. And she noted two factors that may help stabilize costs, despite insurers' advantages in data technology to examine policyholders' individual risks.

Last resort

Colorado now offers Fair Access to Insurance Requirements (FAIR), a statebacked home insurance program, similar to one now offered in California in response to the catastrophic fires there in recent years.

"Our FAIR plan is insurance of last resort; it's less coverage than what someone can buy on the market," Morton said.

A homeowner has to be denied coverage by at least three insurers to be eligible, she noted.

Meanwhile, unlike in California, the biggest factor that has driven insurance prices higher in Colorado isn't wildfire — it's hail. *Note*

"One interesting thing we see is that counties at a higher risk for wildfire see that reflected in their premiums, but in counties that don't have as high a hail risk, (the cost risk is) spread out much more than it is for wildfires," she said.

Hail damage is a risk that may be easier to mitigate against than fire, and state legislation passed earlier this year created a grant program to fortify roofs against hail damage, she said.

Morton also noted that the legislature passed House Bill 1182 in 2025, set to go into effect later this year, requiring insurance companies to notify homeowners about modeling of their areas that could affect their rates.

"It requires making that known to the insured and requires any discount available in return for fire mitigation to be made available on the website," Morton said.

The legislation also requires companies to provide their insured customers with an opportunity to appeal any score issued on their property that might negatively affect their rate. For instance, she said, if a policyholder carried out fire mitigation that the company failed to consider in issuing a score, an appeal could be launched.