

Lawmakers roll out plan aimed at lowering home insurance risk

GenRE

Bipartisan measure would encourage additional mitigation steps in Colorado

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Rising homeowners' insurance rates prompted a group of lawmakers to introduce a bill Wednesday aimed at reducing damage from hail and wildfire.

The measure would encourage homeowners and homeowner associations to take additional mitigation steps and, in turn, could allow insurers to offer lower insurance rates once those steps are completed.

Senate Bill 49 is sponsored by Sens. Marc Snyder, D- Colorado Springs and Senate Minority Leader Lisa Frizell, R- Castle Rock. It's been assigned to the Senate Finance Committee.

Frizell told Colorado Politics that home insurance is the top worry she has been hearing from her constituents, including from people who don't live in wildland-urban interface areas.

A wildland-urban interface is an area where structures and other human developments meet or intermingle with wildland vegetation, according to the state forest service.

"Homes, businesses and subdivisions are being built on forested lands that have historically seen regular fires," the forest service said.

About 2.5 million people live in these territories, with a million living in areas with a high wildfire risk, the office said.

Authorities have encouraged those who live in wildland-urban interfaces to mitigate the risks by creating defensible spaces, managing vegetation, and using fire-resistant building materials.

The wildland-urban interface mitigation efforts offer lessons for urban dwellers on how to reduce risk, which underpins Senate Bill 49.

Under the bill, homeowners can receive a tax deduction for contributing to a catastrophe savings account, which can cover insurance deductibles and losses from hail, wildfire, or a catastrophic wind event, uninsured losses related to those events, and property-specific mitigation actions.

In addition, homeowners and homeowners' associations will be able to tap into the state's natural disaster mitigation enterprise fund. Currently, those funds were limited to counties, municipalities, school districts, and special districts that set up mitigation efforts.

The fund, established under a 2021 state law, gets its money from a fee charged to insurance companies on the number of policies that cover property, such as fire, private crop and certain farm and homeowner policies.

Frizell said the bill, if passed, would require homeowners to take greater responsibility for mitigating risk and ensuring their homes are as resilient to fire or hail as possible.

That could be replacing a roof with a hail-resistant one when it is ready to go, as well as using fire-resistant materials in the home-building process or in fencing, for example.

For homeowners' associations, Frizell noted that higher insurance costs mean higher HOA fees. The insurance companies want this, she added. One HOA in Douglas County saw its fees triple because of HOA insurance, she said. She added while insurers are not promising lower insurance rates, it's been suggested, she said.

"If we can work as a state to acknowledge natural disasters more frequently and try to improve properties in a smart way, we can protect homes and the insurance companies," she said.

Colorado Chamber of Commerce backs SB 49.

"Homeowners' insurance rates are becoming an increasing burden on Colorado families, driving up the cost of housing and creating workforce challenges for employers. If left unaddressed, these escalating costs will continue to strain Colorado's rising cost of living and limit future economic growth," said chamber President and CEO Loren Furman said. "This legislative session, the Chamber is prioritizing residential resiliency across the state to reduce homeowners' insurance rates and enhance long-term damage mitigation measures."

Out of the top 12 costliest hailstorms in Colorado, nine have taken place since 2008, costing homeowners and insurance companies billions of dollars.

The most expensive hailstorm in the Denver metro area in 2017 clocked in at \$3.3 billion in 2025 dollars. Then there are wildfires. Sitting atop that list is the 2021 Marshall fire, which resulted in the loss of 1,084 homes, two lives, and a cost of \$2 billion.

The New York Times reported last year that property insurers have lost money in eight out of the previous 11 years. *Note Note*

A new report said Colorado is the seventh-least stable home insurance market in the U. S. The Lending Tree report said home insurance premiums have increased more than 100% since 2020, the largest increase in the country, and insurers' loss ratio is at 81.6%, meaning insurers are close to paying more in claims than they collect in premiums. *Note*

In coastal states plagued by wildfires and hurricanes, property insurers are bolting. That hasn't been common in Colorado, although one insurer, American National, dropped its homeowners insurance products here and in eight other states in 2024, citing profitability. *Note*

In Colorado, wildfires and hail are the costliest items to insurers.

In 2023, hoping to help homeowners in areas prone to these natural disasters, lawmakers passed the FAIR Plan, which provides property insurance coverage when a traditional one is unavailable.

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