

Polis targets premium costs

Mitigation efforts seen as key, but climate will have to cooperate, too

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Jared Polis has a reputation for setting ambitious goals as Colorado's governor, and in his latest campaign, he is taking on two forces of nature — hail and fire.

"The premium increases in Colorado have simply been too high, and that's why we are launching this road map to reduce homeowners' insurance by \$800, on average, by the end of next year," Polis said at a news conference Thursday.

In a state that has seen insurance premiums double since 2020, the savings would work out to about a 20% reduction, based on what the Colorado Division of Insurance estimates as an average premium of \$4,200 per home.

Colorado residents have faced the highest percentage premium increases measured in any state this decade, according to a ranking from Lending Tree.

Home prices rose sharply right after the pandemic, which triggered a delayed spike in property taxes in 2024. And all along, insurance premiums have been rising, putting Colorado homeowners under an intensifying financial pressure.

Depending on a home's location, up to 54% of premiums are tied to hail risk and up to 25% to fire risk, according to a study from the Division of Insurance.

The governor's plan includes encouraging and incentivizing the use of hail impact-resistant shingles any time a roof is added or replaced in the state and promoting efforts that fortify homes against wildfires.

House Bill 26-1115, which is moving through the legislature, would allow homeowners to apply for grants of up to \$10,000 when they harden their homes by installing Class 4 impact-resistant shingles, or when they install non-combustible siding or professionally clear their defensible buffer against fires.

The legislation would create a "certified resilient designation" that requires carriers to provide a guaranteed premium credit rather than leaving it to negotiations or chance.

The bill includes funding for the "Early Detection Fire Hawk" initiative, which will require the Division of Fire Prevention and Control to install AI-integrated cameras into the zone between wildlands and urban areas, known as the WUI. The intent is to stop fires early before they race out of control. And should disaster hit, the state wants to provide more emergency support to communities and to ensure they have solid housing recovery plans in place, using lessons learned from the Marshall fire in Boulder County.

The fire, which hit at the end of 2021, killed two people, destroyed 1,084 homes and caused \$2 billion damage.

But three years later, about two-thirds of the homes have been replaced, compared with a national average of 25% within five years. - Note

Speeding up construction times reduces what insurers have to pay out for temporary housing, which in turn can lower total claims.

As more mitigation efforts are adopted, regulators, under the road map, will push to make sure carriers recognize them when it comes to determining risk and calculating premiums.

A law approved last year and which takes effect July 1, HB 25-1182, requires insurers to increase transparency and accountability in how they assess risk, especially for wildfires. - Note

"We knew that there were models in the market that weren't properly accounting for the mitigation steps that people were taking, and we need to encourage people to do more mitigation," said Michael Conway, Colorado's Insurance Commissioner.

The state also has established a Fair Access to Insurance Requirements or FAIR plan, which provides policies of last resort in areas that the private market is unwilling or unable to insure. It went into effect this year and provides up to \$750,000 in coverage on residential properties and \$5 million on commercial properties. - Note

Stretched consumers may raise deductibles and lower coverage caps just to have some protection, essentially betting they won't need to file a claim. That creates a problem of underinsurance, which can be financially devastating when a disaster hits.

Carole Walker, executive director at Rocky Mountain Insurance Information Association, said the industry has long supported mitigation efforts but added Colorado has become a much tougher market to operate in, for reasons beyond the industry's control.

"Realistically, insurance premiums have to be justified, and insurers have to be taking in enough premiums to pay out claims," she said. "Colorado is one of the least profitable and most expensive states in the country." - Note

About 5 million of the state's 6 million residents live along the Front Range, which also happens to be the state's most disaster-prone zone.

Wildfire has become a growing danger in the communities in and near the foothills. To the East, hailstorms have been unrelenting in the punishing blows they deliver. - Note

And much of the more limited growth the state is seeing is coming in higher-risk hail and fire areas. Weld County, for example, was the state's fastest-growing county in population last year. It is also ground zero for the state's hail belt. - Note

State Farm estimates it paid out \$1.4 billion in hail claims in Texas, compared with \$229 million in Colorado. But on a per capita basis, Colorado ranked first in the country for hail damage, while Texas ranked eighth. - Note

Walker said that in Texas, 43% of homeowners use impact-resistant shingles, despite the higher cost. The message is getting through. But in Colorado, the "uptake" rate is closer to 10%. - Note

Without better protection, homeowners are vulnerable to waves of damaging storms. The more claims they make, the more premiums go up, and they put themselves at a higher risk of having their coverage canceled.

Walker commended Polis for his emphasis on mitigation and for preventing claims or reducing their severity.

"It is a step in the right direction," she said. But making Colorado an actuarially sound state again will take time, and some cooperation from the elements.

With one of the driest winters on record, that cooperation it's possible that cooperation isn't coming in 2026.

