



Roadmap to Preparedness Program

Dropped by Your Home/Condo Insurer? Information for Colorado Residents

Most home insurance policies are one-year contracts that can be renewed each year. But if you live near an area that was affected by a natural disaster, or you've filed one or more claims, your insurer may drop or "non-renew" your policy. Non-renewal means your insurer won't be offering you a new policy after your current one expires. A cancellation is different. A cancellation means your policy is being canceled before it expires.

As long as an insurer gives you **60 days notice** before your policy is due to expire, they can choose not to renew your policy. And if, at renewal time, you decide to take your business elsewhere, you are free to do so.

If you get a non-renewal notice from your current insurer before the policy expires, review their stated reason for dropping you and ask them to reconsider. Let them know about any "home hardening" or brush clearing improvements you've made.

Colorado law has only a few requirements and restrictions regarding non-renewals:

- **A notice of non-renewal must explain the reasons and be provided at least 60 days prior to the expiration date of the policy;**
- **The insurer must apply their rules consistently. That means they must impose the same brush clearance and other rules on you as they do on their other customers.**
- **The insurer shall not refuse to renew an existing fire insurance policy for property that is within an area that has been declared a federally designated disaster area for any reason that is related to wildfire. As a condition of such renewal, an insurer may require a property owner to take reasonable actions to reduce the risk of fire to such property.**

You can check if you are within an area that has been declared a federally designated disaster area by visiting the FEMA website for declared disasters. Each declared disaster will include a map of the "designated area."

If the insurer gave you the required 60-day notice, start shopping right away for a replacement policy. If you feel you've been non-renewed or canceled unfairly, contact the Colorado Division of Regulatory Agencies (DORA) and file a complaint. They can communicate with your current insurer and may help you locate a replacement policy. Even if they can't get your insurer to agree to offer you a renewal policy, it's important to let the agency know about problems in the insurance marketplace.

Working with an experienced and reputable agent or broker is generally the best way to navigate shopping in today's marketplace. Consumer choices are more limited than in the past. This is largely due to insurers' use of technological tools and increasingly frequent and severe weather events associated with climate change.

Review our tips on hiring a good agent or broker. Independent agents (also called “brokers”) can place you with a variety of insurance companies. “Captive” agents (State Farm, Allstate, Farmers, for example) can usually only sell you one insurer’s product.

Review UP’s buying tips at: www.uphelp.org/buying-tip-type/homeowners/. Here are some of the key questions to ask:

- **How much should my dwelling be insured for per square foot?**
- **How much Extended Replacement Cost (ERC) Coverage should I buy?** Note: Because so many wildfire impacted homeowners have found themselves severely underinsured, Colorado Law will soon require your agent/broker to offer you 50% ERC, effective 1/1/25.
- **How much coverage is provided for Building Code Upgrades?** Note: Colorado Law will soon require your agent/broker to offer you 20% Building Code Upgrades or Law & Ordinance Coverage, effective 1/1/25.
- **Does the policy pay Replacement or Actual Cash Value on contents?**
- **Does the policy limit payment for mold and water damage, and if so, how?**
- **How much and how long will ALE/Loss of Use benefits be available?** Note: Colorado Law requires an agent/broker to offer you 24 months of ALE. Ask for 36 months.

If your only option for insuring your home is to pay a higher price for less coverage, lock in that policy then continue to shop. New options may become available over time. If your best option is a policy from an insurer you’ve never heard of, check their financial rating at www.ambest.com.

If you can’t find coverage from an insurance brand-name you recognize...

- **Check into policies that may be available through a type of insurer called “surplus” or “non-admitted.”**
- **Check your claim history or “CLUE” report, correct any errors, do your best to clean up your insurance “score.”**
- **As a last resort a limited fire policy will become available through the Colorado FAIR Plan in early 2025.**
- **If you cannot find insurance, your mortgage company will buy a bare-bones and expensive “forced place” policy and add the cost to your mortgage payment. This will only cover the amount of your mortgage at your expense.**

If after a diligent search you can’t find a company that will insure your home, notify DORA and your elected officials immediately, and keep UP informed by completing our Colorado Home Insurance Survey at: www.uphelp.org/cohomesurvey

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