

CHAPTER 373

INSURANCE

SENATE BILL 26-155

BY SENATOR(S) Mullica and Marchman, Amabile, Benavidez, Cutter, Daugherty, Exum, Kipp, Roberts, Snyder, Coleman;
also REPRESENTATIVE(S) McCluskie and Brown, Boesenecker, Camacho, Clifford, Duran, Froelich, Joseph, Lindsay,
McCormick, Nguyen, Paschal, Ricks, Rutinel, Rydin, Sirota, Smith, Stewart K., Titone.

AN ACT

**CONCERNING INCREASING THE AVAILABILITY OF HOMEOWNER'S INSURANCE IN THE STATE, AND,
IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** part 20 to article 4 of title 10 as follows:

PART 20
STRENGTHEN COLORADO HOMES ENTERPRISE

10-4-2001. Legislative declaration.

(1) THE GENERAL ASSEMBLY:

(a) FINDS AND DETERMINES THAT:

(I) INCREASED GREENHOUSE GAS EMISSIONS AND RAPIDLY RISING TEMPERATURES ARE CHANGING THE CLIMATE IN WAYS THAT THREATEN COLORADO'S ECONOMY, THE HEALTH OF ITS RESIDENTS, AND ITS NATURAL LANDSCAPE;

(II) THESE TEMPERATURE INCREASES HAVE AN IMPACT ON COLORADO'S ENVIRONMENT, WITH DROUGHT, HEAT WAVES, WINDSTORMS, WILDFIRES, HAIL, AND OTHER EXTREME WEATHER EVENTS INCREASING IN RECENT YEARS;

(III) THE ECONOMIC IMPACTS OF THESE INCREASINGLY FREQUENT AND SEVERE WEATHER EVENTS ARE SIGNIFICANT;

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(IV) COLORADO PROPERTY OWNERS ARE FACED WITH CHALLENGES IN FINDING INSURANCE COVERAGE AND INCREASING INSURANCE PREMIUMS, UNDERMINING THE ABILITY TO PURCHASE, SELL, AND OWN A HOME;

(V) THERE IS A NEED IN THE STATE TO ENCOURAGE INVESTMENTS IN HOME HARDENING, WHICH MEANS MAKING HOMES AND COMMUNITIES MORE RESILIENT TO EXTREME WEATHER EVENTS SUCH AS HAIL, WINDSTORMS, AND WILDFIRE, AND INCLUDES SCIENCE-BASED HAIL AND WIND MITIGATION MEASURES DESIGNED TO REDUCE INSURER LOSSES;

(VI) MAKING INVESTMENTS IN HOME HARDENING WILL IMPROVE INSURERS' FINANCIAL STABILITY BY DECREASING LOSSES THAT WOULD OTHERWISE BE PAID BY THE INSURERS;

(VII) INVESTMENTS IN HOME HARDENING WILL ALSO ENCOURAGE INSURER PARTICIPATION AND INCREASE COMPETITION IN THE INSURANCE MARKET TO OFFER COVERAGE THROUGHOUT THE STATE TO ALL COLORADANS, RESULTING IN LONG-TERM SAVINGS FOR HOMEOWNERS AND INSURERS;

(VIII) TARGETING HOMES IN HIGH-RISK AREAS FOR INVESTMENTS IN HOME HARDENING WILL IMPROVE THE OVERALL STABILITY OF THE HOMEOWNER'S INSURANCE MARKET FOR INSURERS;

(IX) DATA FROM NORTH CAROLINA AND ALABAMA HAS SHOWN THAT PROVIDING ASSISTANCE TO STRENGTHEN ROOFS RESULTS IN FEWER CLAIMS AND LOWER ADMINISTRATIVE EXPENSES, WHICH DIRECTLY INCREASES PROFITS FOR INSURERS;

(X) STUDYING WAYS TO REDUCE WILDFIRE RISK IN HIGH-RISK AREAS OF THE STATE WILL REDUCE INSURER LOSSES AND ADMINISTRATIVE EXPENSES, THEREBY INCREASING INSURER CAPACITY STATEWIDE;

(XI) ACCORDINGLY, IT IS APPROPRIATE TO FINANCE A HOME HARDENING PROGRAM THROUGH A FEE IMPOSED ON INSURERS THAT OFFER MULTIPERIL HOMEOWNER'S INSURANCE POLICIES IN THE STATE; AND

(XII) THE FEE ON INSURERS IS REASONABLY RELATED TO THE BUSINESS SERVICES THE STRENGTHEN COLORADO HOMES ENTERPRISE IS PROVIDING TO INSURERS; AND

(b) DECLARES THAT:

(I) THE STRENGTHEN COLORADO HOMES ENTERPRISE PROVIDES VALUABLE BUSINESS SERVICES AND BENEFITS TO INSURERS WHEN, IN EXCHANGE FOR PAYMENT OF THE FEE DESCRIBED IN SECTION 10-4-2003, THE ENTERPRISE USES THE FEE REVENUE TO:

(A) REDUCE INSURER LOSSES AND ADMINISTRATIVE EXPENSES DUE TO HAIL DAMAGE CLAIMS BY DEFRAYING THE COST OF RETROFITTING RESIDENTIAL PROPERTY BY PROVIDING GRANTS FOR THE INSTALLATION OF RESILIENT ROOF SYSTEMS;

(B) ANALYZE DATA ON HAIL LOSSES IN THE HOMEOWNER'S INSURANCE MARKET TO IDENTIFY THE AREAS OF THE STATE TO TARGET FOR THE INSTALLATION OF RESILIENT ROOF SYSTEMS TO MAXIMIZE INSURER SAVINGS;

(C) SET STANDARDS FOR RESILIENT ROOF SYSTEMS THAT INSURERS MAY RELY UPON AND ENSURE THAT THERE IS A WORKFORCE TRAINED TO CERTIFY FOR INSURERS THAT ROOFS MEET THOSE STANDARDS; AND

(D) CREATE CODES OF CONDUCT FOR ROOFING CONTRACTORS TO ENSURE ROOFS ARE PROPERLY AND APPROPRIATELY INSTALLED, WHICH BENEFITS INSURERS BY REDUCING THEIR CLAIMS LOSSES;

(II) BY PROVIDING THE BENEFITS AND SERVICES SPECIFIED IN THIS PART 20, THE STRENGTHEN COLORADO HOMES ENTERPRISE ENGAGES IN ACTIVITIES CONDUCTED IN THE PURSUIT OF A BENEFIT, GAIN, OR LIVELIHOOD AND THEREFORE OPERATES AS A BUSINESS;

(III) CONSISTENT WITH THE DETERMINATION OF THE COLORADO SUPREME COURT IN *NICHOLL v. E-470 PUBLIC HIGHWAY AUTHORITY*, 896 P.2d 859 (COLO. 1995), THAT THE POWER TO IMPOSE TAXES IS INCONSISTENT WITH ENTERPRISE STATUS UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, THE GENERAL ASSEMBLY CONCLUDES THAT THE REVENUE COLLECTED BY THE ENTERPRISE IS GENERATED BY FEES, NOT TAXES, BECAUSE THE MONEY CREDITED TO THE ENTERPRISE IS:

(A) FOR THE SPECIFIC PURPOSE OF ALLOWING THE ENTERPRISE TO DEFRAY THE COSTS OF PROVIDING THE SERVICES DESCRIBED IN THIS PART 20;

(B) COLLECTED AT RATES THAT ARE REASONABLY CALCULATED BASED ON THE COSTS OF THE SERVICES PROVIDED BY THE ENTERPRISE; AND

(C) NOT STATE FISCAL YEAR SPENDING, AS DEFINED IN SECTION 24-77-102 (17), OR STATE REVENUES, AS DEFINED IN SECTION 24-77-103.6 (6)(c), AND DOES NOT COUNT AGAINST EITHER THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION OR THE EXCESS STATE REVENUES CAP, AS DEFINED IN SECTION 24-77-103.6 (6)(b), SO LONG AS THE ENTERPRISE QUALIFIES AS AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION; AND

(IV) NO OTHER ENTERPRISE CREATED SIMULTANEOUSLY OR WITHIN THE PRECEDING FIVE YEARS SERVES PRIMARILY THE SAME PURPOSE AS THE ENTERPRISE, AND THE ENTERPRISE WILL GENERATE REVENUE FROM FEES AND SURCHARGES OF LESS THAN ONE HUNDRED MILLION DOLLARS TOTAL IN ITS FIRST FIVE FISCAL YEARS. ACCORDINGLY, THE CREATION OF THE ENTERPRISE DOES NOT REQUIRE VOTER APPROVAL PURSUANT TO SECTION 24-77-108.

10-4-2002. Definitions.

AS USED IN THIS PART 20, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "BOARD" OR "ENTERPRISE BOARD" MEANS THE GOVERNING BOARD OF THE STRENGTHEN COLORADO HOMES ENTERPRISE.

(2) "FEE" MEANS THE FEE THAT THE ENTERPRISE BOARD IMPOSES AND COLLECTS PURSUANT TO SECTION 10-4-2003 (4).

(3) "FUND" MEANS THE STRENGTHEN COLORADO HOMES ENTERPRISE FUND CREATED IN SECTION 10-4-2003 (5).

(4) "GRANT PROGRAM" MEANS THE STRENGTHEN COLORADO HOMES ENTERPRISE GRANT PROGRAM CREATED IN SECTION 10-4-2004.

(5) (a) "INSURER" MEANS AN ADMITTED INSURANCE COMPANY THAT OFFERS MULTIPERIL HOMEOWNER'S INSURANCE POLICIES IN THE STATE AND IS SUBJECT TO THE COLORADO DIVISION OF INSURANCE STATISTICAL REPORT, LINE 4.

(b) "INSURER" DOES NOT INCLUDE THE FAIR ACCESS TO INSURANCE REQUIREMENTS PLAN ASSOCIATION CREATED IN SECTION 10-4-1804.

(6) "RESILIENT ROOF SYSTEM" MEANS A ROOF THAT HAS OBTAINED A VERIFIED WIND AND HAIL CERTIFICATION FROM THE INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY "FORTIFIED" PROGRAM OR A SIMILAR SCIENCE-BASED, VERIFIABLE CERTIFICATION, AS DETERMINED BY THE BOARD BY RULE.

(7) "STRENGTHEN COLORADO HOMES ENTERPRISE" OR "ENTERPRISE" MEANS THE STRENGTHEN COLORADO HOMES ENTERPRISE CREATED IN SECTION 10-4-2003 (1).

10-4-2003. Strengthen Colorado homes enterprise - creation - purpose - enterprise board - powers and duties - fee - fund - gifts, grants, or donations - rules - reporting - repeal.

(1) Enterprise - creation - purpose.

(a) (I) THE STRENGTHEN COLORADO HOMES ENTERPRISE IS CREATED IN THE DIVISION. THE ENTERPRISE IS A **TYPE 1** ENTITY, AS DEFINED IN SECTION 24-1-105, AND EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE DIVISION. THE ENTERPRISE IS AND OPERATES AS A GOVERNMENT-OWNED BUSINESS WITHIN THE DIVISION.

(II) THE BUSINESS PURPOSE OF THE ENTERPRISE, ACTING THROUGH THE BOARD, IS TO IMPOSE AND COLLECT A FEE CHARGED TO INSURERS THAT OFFER MULTIPERIL HOMEOWNER'S INSURANCE POLICIES AND TO USE THE REVENUE FROM THE FEE TO PROVIDE THE FOLLOWING BUSINESS SERVICES, AS DETERMINED BY THE BOARD, TO INSURERS PAYING THE FEE:

(A) REDUCING INSURER LOSSES AND ADMINISTRATIVE EXPENSES DUE TO HAIL DAMAGE CLAIMS BY DEFRAYING THE COST OF RETROFITTING RESIDENTIAL PROPERTY BY PROVIDING GRANTS FOR THE INSTALLATION OF RESILIENT ROOF SYSTEMS;

(B) ANALYZING DATA ON HAIL LOSSES IN THE HOMEOWNER'S INSURANCE MARKET TO IDENTIFY THE AREAS OF THE STATE TO TARGET FOR THE INSTALLATION OF RESILIENT ROOF SYSTEMS TO MAXIMIZE INSURER SAVINGS;

(C) SETTING STANDARDS FOR RESILIENT ROOF SYSTEMS THAT INSURERS MAY RELY UPON AND ENSURING THAT THERE IS A WORKFORCE TRAINED TO CERTIFY FOR INSURERS THAT ROOFS MEET THOSE STANDARDS;

(D) CREATING CODES OF CONDUCT FOR ROOFING CONTRACTORS TO ENSURE ROOFS ARE PROPERLY AND APPROPRIATELY INSTALLED, WHICH BENEFITS INSURERS BY REDUCING THEIR CLAIMS LOSSES;

(E) EVALUATING ROOFING PROTOCOLS TO ASCERTAIN IF THE PROTOCOLS MEET SIMILAR SCIENCE-BASED, CERTIFIABLE STANDARDS, AS THOSE OF THE INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY'S "FORTIFIED" PROGRAM;

(F) AWARDING GRANTS TO INDIVIDUALS TO DEFRAY THE COSTS OF TRAINING AND CERTIFICATION RELATING TO INSTALLING AND CERTIFYING RESILIENT ROOF SYSTEMS AND TO DEVELOP THE WORKFORCE FOR INSTALLING AND CERTIFYING RESILIENT ROOF SYSTEMS;

(G) REDUCING THE FREQUENCY OF WIND AND HAIL DAMAGE CLAIMS ON INSURED RESIDENCES;

(H) IMPROVING INSURANCE MARKET STABILITY THROUGHOUT THE STATE; AND

(I) CONDUCTING A STUDY TO ANALYZE INSURANCE RISK IN HIGH-RISK WILDFIRE AREAS OF THE STATE, WHICH ANALYSIS INCLUDES THE DEGREE OF MARKET COMPETITION AMONG INSURERS IN THOSE AREAS AND THE IMPACT OF A HIGH RISK PROGRAM ON THE POTENTIAL LOSSES IN AND THE AVAILABILITY OF HOMEOWNER'S INSURANCE IN HIGH-RISK WILDFIRE AREAS OF THE STATE.

(b) THE ENTERPRISE IS AUTHORIZED TO ISSUE REVENUE BONDS.

(c) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN ENTERPRISE PURSUANT TO THIS SUBSECTION (1), THE ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

(2) Enterprise board.

(a) THE ENTERPRISE IS GOVERNED BY THE ENTERPRISE BOARD.

(b) THE BOARD CONSISTS OF THE FOLLOWING SEVEN VOTING MEMBERS:

(1) THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE; AND

(II) THE FOLLOWING SIX MEMBERS APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE SENATE TO SERVE THREE-YEAR TERMS:

(A) TWO MEMBERS WHO REPRESENT INSURERS WITH EXPERTISE IN HOMEOWNER'S INSURANCE;

(B) ONE MEMBER WHO IS A COUNTY COMMISSIONER OR A COUNTY EMPLOYEE WHO HAS EXPERTISE OR EXPERIENCE IN HOME HARDENING OR OTHER RISK MITIGATION ACTIVITIES;

(C) ONE MEMBER WHO REPRESENTS CONSUMERS;

(D) ONE MEMBER WITH EXPERTISE IN HOME HARDENING, ROOFING CONSTRUCTION, OR MANUFACTURING RESILIENT ROOF SYSTEMS OR MATERIALS; AND

(E) ONE MEMBER WITH TECHNICAL EXPERTISE IN HOMEOWNER'S INSURANCE, SUCH AS EXPERTISE IN UNDERWRITING, ACTUARIAL ANALYSIS, OR CLAIMS HANDLING, OR EXPERTISE IN HOME HARDENING.

(c) OF THE FIRST MEMBERS APPOINTED TO THE BOARD PURSUANT TO SUBSECTION (2)(b)(II) OF THIS SECTION, THE GOVERNOR SHALL SELECT TWO MEMBERS TO SERVE AN INITIAL TERM OF TWO YEARS.

(d) (I) THE GOVERNOR SHALL MAKE THE INITIAL APPOINTMENTS TO THE BOARD NO LATER THAN JANUARY 1, 2027.

(II) SUBSECTION (2)(c) OF THIS SECTION AND THIS SUBSECTION (2)(d) ARE REPEALED, EFFECTIVE JULY 1, 2027.

(e) THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE IS THE CHAIR OF THE BOARD.

(f) MEMBERS OF THE BOARD SERVE WITHOUT COMPENSATION BUT MUST BE REIMBURSED FROM MONEY IN THE FUND FOR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF THEIR DUTIES PURSUANT TO THIS PART 20.

(g) EACH MEMBER OF THE BOARD SHALL DISCLOSE ANY ACTUAL OR POTENTIAL CONFLICT OF INTEREST, INCLUDING ANY FINANCIAL INTEREST IN CONTRACTS, GRANTS, OR STANDARDS CONSIDERED, AWARDED, ADOPTED, OR RECOMMENDED BY THE BOARD.

(h) THE ENTERPRISE BOARD IS SUBJECT TO THE OPEN MEETINGS PROVISIONS OF THE "COLORADO SUNSHINE ACT OF 1972" CONTAINED IN PART 4 OF ARTICLE 6 OF TITLE 24. EXCEPT AS MAY OTHERWISE BE PROVIDED BY FEDERAL LAW OR STATE LAW, THE RECORDS OF THE ENTERPRISE ARE PUBLIC RECORDS, AS DEFINED IN SECTION 24-72-202 (6), AND ARE SUBJECT TO THE "COLORADO OPEN RECORDS ACT", PART 2 OF ARTICLE 72 OF TITLE 24.

(3) Powers and duties.

(a) THE PRIMARY POWERS AND DUTIES OF THE ENTERPRISE, ACTING THROUGH THE BOARD, ARE TO:

(I) IMPOSE AND COLLECT THE FEE PURSUANT TO SUBSECTION (4) OF THIS SECTION;

(II) AWARD GRANTS FROM MONEY IN THE FUND IN ACCORDANCE WITH THE GRANT PROGRAM REQUIREMENTS SPECIFIED IN SECTION 10-4-2004;

(III) ISSUE REVENUE BONDS FOR THE EXPENSES OF THE ENTERPRISE, SECURED BY REVENUE OF THE ENTERPRISE;

(IV) INVEST THE REVENUE FROM THE ISSUANCE AND SALE OF REVENUE BONDS AND THE IMPOSITION AND COLLECTION OF THE FEE. IN INVESTING THE REVENUE, THE ENTERPRISE MAY:

(A) INVEST THE REVENUE WITHOUT REGARD TO THE LIMITATIONS SET FORTH IN SECTION 24-36-103, 24-75-601.1, OR 24-75-603; AND

(B) ENTER INTO CONTRACTS WITH PRIVATE PROFESSIONAL FUND MANAGERS TO PROVIDE EXPERTISE, TECHNICAL SUPPORT, AND ADVICE ON INVESTMENT MARKET CONDITIONS. IN SEEKING BIDS FOR SUCH CONTRACTS, THE ENTERPRISE SHALL EMPLOY STANDARD PUBLIC BIDDING PRACTICES, INCLUDING THE USE OF REQUESTS FOR INFORMATION, REQUESTS FOR PROPOSALS, OR ANY OTHER STANDARD VENDOR SELECTION PRACTICES DETERMINED BY THE ENTERPRISE TO BE BEST SUITED TO SELECTING AN APPROPRIATE PRIVATE PROFESSIONAL FUND MANAGER.

(V) PAY THE ADMINISTRATIVE EXPENSES OF THE ENTERPRISE;

(VI) ENGAGE THE SERVICES OF PUBLIC OR PRIVATE ENTITIES, CONTRACTORS, OR CONSULTANTS FOR PROFESSIONAL AND TECHNICAL ASSISTANCE AND TO PROVIDE ADVICE AND OTHER SERVICES RELATED TO CONDUCTING THE AFFAIRS OF THE ENTERPRISE, WITHOUT REGARD TO THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24. IN CONDUCTING ITS AFFAIRS, THE ENTERPRISE SHALL:

(A) ENGAGE THE ATTORNEY GENERAL'S OFFICE FOR LEGAL SERVICES; AND

(B) ENTER INTO A CONTRACT OR CONTRACTS WITH THE DIVISION AT FAIR MARKET RATES FOR OFFICE SPACE AND ADMINISTRATIVE STAFF FOR THE ENTERPRISE;

(VII) PREPARE AND SUBMIT AN ANNUAL FINANCIAL REPORT PURSUANT TO SUBSECTION (7) OF THIS SECTION CONCERNING THE ADMINISTRATION OF THE ENTERPRISE AND THE GRANT PROGRAM AND POST THE REPORT ON THE ENTERPRISE'S PUBLIC-FACING WEBSITE; AND

(VIII) EXERCISE ALL RIGHTS AND POWERS NECESSARY OR INCIDENTAL TO OR IMPLIED FROM THE SPECIFIC POWERS AND DUTIES GRANTED IN THIS PART 20.

(b) THE ENTERPRISE, ACTING THROUGH THE BOARD, MAY SEEK, ACCEPT, AND EXPEND GRANTS OR OTHER MONEY FROM THE FEDERAL GOVERNMENT AND GIFTS, GRANTS, OR DONATIONS FROM OTHER PUBLIC AND PRIVATE SOURCES TO SUPPORT AND ENHANCE ENTERPRISE ACTIVITIES; EXCEPT THAT THE ENTERPRISE SHALL NOT

ACCEPT GRANTS FROM THE STATE OR FROM LOCAL GOVERNMENTS UNLESS THE COMBINED TOTAL OF ALL GRANTS FROM SUCH SOURCES IS UNDER TEN PERCENT OF THE ENTERPRISE'S ANNUAL REVENUE.

(4) Fee.

(a) BEGINNING IN THE 2027 CALENDAR YEAR, ON OR BEFORE A DATE DETERMINED BY THE ENTERPRISE BOARD, AND ANNUALLY EACH CALENDAR YEAR THEREAFTER ON OR BEFORE THE SAME DATE, THE ENTERPRISE BOARD SHALL IMPOSE AND COLLECT A FEE ON EACH INSURER IN AN AMOUNT EQUAL TO ONE-HALF OF ONE PERCENT OF THE TOTAL PREMIUM COLLECTED BY THE INSURER ON MULTIPERIL HOMEOWNER'S INSURANCE POLICIES ISSUED IN THE STATE IN THE IMMEDIATELY PRECEDING CALENDAR YEAR.

(b) EACH INSURER SHALL PAY THE FEE TO THE ENTERPRISE AND SHALL NOT SURCHARGE THE FEE AMOUNT TO POLICYHOLDERS.

(c) THE STATE TREASURER SHALL CREDIT THE FEES COLLECTED TO THE FUND. A FEE COLLECTED BY THE ENTERPRISE IS EXCLUDED FROM THE STATE'S FISCAL YEAR SPENDING.

(d) NOTWITHSTANDING SUBSECTION (4)(a) OF THIS SECTION, THE ENTERPRISE MAY LOWER THE FEE OR CEASE COLLECTING THE FEE IN ANY CALENDAR YEAR TO ENSURE THAT THE TOTAL AMOUNT OF FEE REVENUE DOES NOT EXCEED ONE HUNDRED MILLION DOLLARS OVER THE FIRST FIVE FISCAL YEARS OF THE ENTERPRISE'S EXISTENCE.

(e) THE BOARD MAY REQUEST INFORMATION FROM INSURERS ABOUT POLICIES AND CONTRACTS ONLY TO THE EXTENT THE INFORMATION IS REASONABLY NECESSARY TO ADMINISTER THE GRANT PROGRAM, IMPOSE AND COLLECT THE FEE, OR IMPLEMENT OTHER REQUIREMENTS IN THIS PART 20. INSURER DATA REQUESTS SHALL BE COORDINATED THROUGH THE DIVISION AND, TO THE EXTENT PRACTICABLE, BE LIMITED TO INFORMATION ALREADY COLLECTED BY THE DIVISION OR AVAILABLE THROUGH EXISTING REGULATORY REPORTING.

(f) THE BOARD SHALL ADOPT ANY RULES NECESSARY FOR THE IMPOSITION AND COLLECTION OF THE FEE.

(5) Fund.

(a) THE STRENGTHEN COLORADO HOMES ENTERPRISE FUND IS CREATED IN THE STATE TREASURY.

(b) THE FUND CONSISTS OF:

(I) FEES IMPOSED AND COLLECTED PURSUANT TO SUBSECTION (4) OF THIS SECTION;

(II) GRANTS OR OTHER MONEY RECEIVED FROM THE FEDERAL GOVERNMENT OR GIFTS, GRANTS, AND DONATIONS RECEIVED FROM PUBLIC OR PRIVATE SOURCES TO SUPPORT OR ENHANCE ENTERPRISE ACTIVITIES;

(III) ANY MONEY FROM REVENUE BONDS ISSUED PURSUANT TO SUBSECTION (3)(a)(III) OF THIS SECTION; AND

(IV) ANY MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER TO THE FUND.

(c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE ENTERPRISE FOR THE PURPOSES SET FORTH IN THIS PART 20 AND TO PAY THE ENTERPRISE'S REASONABLE AND NECESSARY ADMINISTRATIVE AND OPERATING EXPENSES.

(d) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND TO THE FUND.

(6) **Rules.** THE ENTERPRISE BOARD MAY ADOPT, AMEND, OR REPEAL RULES OR POLICIES THAT ARE REASONABLE AND NECESSARY FOR THE REGULATION OF THE ENTERPRISE'S AFFAIRS AND THE CONDUCT OF THE ENTERPRISE'S BUSINESS CONSISTENT WITH THIS PART 20, INCLUDING GRANT PROGRAM RULES SPECIFIED IN SECTION 10-4-2004 (7).

(7) Reporting.

(a) NOTWITHSTANDING SECTION 24-1-136 (11)(a)(I), BEGINNING JULY 1, 2028, AND EACH JULY 1 THEREAFTER, THE ENTERPRISE SHALL SUBMIT A REPORT TO THE COMMITTEES OF REFERENCE OF THE GENERAL ASSEMBLY TO WHICH THE DEPARTMENT IS ASSIGNED PURSUANT TO SECTION 2-7-203 CONCERNING THE IMPLEMENTATION AND ADMINISTRATION OF THE ENTERPRISE AND THE GRANT PROGRAM.

(b) THE ANNUAL REPORT MUST INCLUDE:

(I) THE AMOUNT OF FEES COLLECTED FROM INSURERS AND THE UNOBLIGATED BALANCE OF THE FUND;

(II) THE NUMBER OF GRANT PROGRAM APPLICATIONS AND THE AMOUNT OF GRANTS AWARDED;

(III) THE AREAS OF THE STATE WHERE GRANT PROGRAM RECIPIENTS RESIDE;

(IV) IF THE BOARD AWARDS GRANTS FOR WORKFORCE TRAINING, INFORMATION ABOUT THE STRUCTURE OF THE TRAINING PROGRAMS AND THE NUMBER OF CONTRACTORS TRAINED; AND

(V) ANY OTHER INFORMATION RELEVANT TO THE SUCCESS OF THE ENTERPRISE AND THE GRANT PROGRAM.

10-4-2004. Strengthen Colorado homes enterprise grant program - application - eligibility criteria - award of grants - rules.

(1) THERE IS CREATED IN THE ENTERPRISE THE STRENGTHEN COLORADO HOMES ENTERPRISE GRANT PROGRAM TO PROVIDE GRANTS TO COLORADO HOMEOWNERS TO

RETROFIT RESIDENTIAL PROPERTY TO REDUCE INSURER LOSSES DUE TO COMMON PERILS, INCLUDING HAIL AND WINDSTORMS.

(2) (a) SUBJECT TO AVAILABLE REVENUE IN THE FUND, THE BOARD SHALL AWARD GRANTS, IN ACCORDANCE WITH THIS SECTION, FROM THE FUND. THE BOARD MAY ESTABLISH PROCEDURES AND CRITERIA FOR THE AWARD OF GRANTS IF THERE IS INSUFFICIENT MONEY IN THE FUND TO AWARD GRANTS TO ALL ELIGIBLE HOMEOWNER APPLICANTS.

(b) THE BOARD MAY CONTRACT WITH A THIRD-PARTY VENDOR TO ADMINISTER THE GRANT PROGRAM.

(3) IN ADDITION TO ANY GRANT PROGRAM CRITERIA ESTABLISHED BY THE BOARD BY RULE, A HOMEOWNER AWARDED A GRANT SHALL, AS APPLICABLE:

(a) HAVE AN INSURABLE RESIDENTIAL PROPERTY LOCATED IN COLORADO THAT IS COVERED BY A HOMEOWNER'S INSURANCE POLICY;

(b) OBTAIN ALL PERMITS REQUIRED BY LAW FOR INSTALLATION OR RETROFITTING;

(c) COMPLY WITH ALL APPLICABLE BUILDING CODES;

(d) ARRANGE AND PAY FOR INSPECTIONS REQUIRED BY LAW AND THE TERMS OF THE GRANT PROGRAM;

(e) CONSTRUCT A ROOF THAT MEETS RESILIENT ROOF SYSTEM STANDARDS; AND

(f) SELECT A CONTRACTOR LICENSED IN THE STATE THAT:

(I) IS A MEMBER OF A PROFESSIONAL ASSOCIATION THAT PROMOTES BEST PRACTICES AND ETHICAL BEHAVIORS IN THE ROOFING INDUSTRY;

(II) ATTESTS THAT THE CONTRACTOR DOES NOT WAIVE DEDUCTIBLES AND AGREES TO REPAIR, RATHER THAN REPLACE, ROOFS WHEN APPROPRIATE IN ACCORDANCE WITH RULES ADOPTED BY THE BOARD; AND

(III) MEETS ANY OTHER CRITERIA ESTABLISHED BY THE BOARD.

(4) A CONTRACTOR THAT IS AWARDED BIDS AND RECEIVES GRANT MONEY FROM THE GRANT PROGRAM IS PROHIBITED FROM WAIVING HOMEOWNER'S INSURANCE DEDUCTIBLES.

(5) THE BOARD MAY PERFORM AUDITS TO VERIFY:

(a) THE ACCURACY OF THE INFORMATION INCLUDED IN AN APPLICATION; AND

(b) THAT THE APPLICANT MEETS ALL ELIGIBILITY CRITERIA.

(6) A HOMEOWNER SHALL NOT USE MONEY THAT IS AWARDED AS A GRANT TO PAY FOR GENERAL ROOF MAINTENANCE OR REPAIR BUT MAY USE GRANT PROGRAM MONEY IN CONJUNCTION WITH REPAIRS OR RECONSTRUCTION NECESSITATED BY

DAMAGE FROM WIND OR HAIL OR FOR PROACTIVE RETROFITTING NECESSITATED BY OR DESIGNED TO PREVENT SUCH DAMAGE, CONSISTENT WITH STANDARDS ADOPTED BY THE BOARD PURSUANT TO SUBSECTION (7) OF THIS SECTION.

(7) (a) THE BOARD SHALL ADOPT RULES FOR THE ADMINISTRATION AND IMPLEMENTATION OF THE GRANT PROGRAM, INCLUDING THE STANDARDS FOR A RESILIENT ROOF SYSTEM, THE CRITERIA USED TO DETERMINE WHETHER AN APPLICANT IS ELIGIBLE FOR A GRANT UNDER THIS SECTION, AND THE AMOUNT AND TIMING OF THE GRANT AWARD. IN AWARDING GRANTS, THE BOARD SHALL PRIORITIZE HOMES THAT ARE AN APPLICANT'S PRIMARY RESIDENCE. IN ESTABLISHING ELIGIBILITY REQUIREMENTS FOR THE GRANTS, THE BOARD SHALL CONSIDER APPLICANT INCOME; WHETHER AN APPLICANT LIVES IN A LOCATION THAT, BASED ON HISTORICAL DATA, HAS A HIGHER SUSCEPTIBILITY TO EXTREME WEATHER EVENTS; THE AGE OF THE ROOF; THE SIZE OF THE HOME; WHETHER THE HOME IS LOCATED IN A LOCALITY WITH HAIL-RESISTANT BUILDING CODE REQUIREMENTS; THE NUMBER OF APPLICANTS FOR THE GRANT PROGRAM; AND ANY OTHER CRITERIA THE BOARD DETERMINES IS APPROPRIATE TO MEET THE PURPOSE OF THE ENTERPRISE AND THE MONEY AVAILABLE FOR GRANTS.

(b) IN ESTABLISHING RESILIENT ROOF SYSTEM STANDARDS, THE BOARD MAY PRIORITIZE THE USE OF MATERIALS THAT ARE IMPACT-RESISTANT AND PROVEN TO OFFER SUPERIOR PROTECTIONS AGAINST EXTREME WEATHER EVENTS AND MAY INCENTIVIZE MATERIALS WITH REDUCED ENVIRONMENTAL IMPACTS.

(c) THE BOARD MAY ALSO ESTABLISH STANDARDS FOR CONTRACTOR-SPECIALIZED TRAINING IN THE INSTALLATION OF IMPACT-RESISTANT ROOFING SYSTEMS.

(8) IN ORDER TO DEVELOP THE NECESSARY WORKFORCE FOR INSTALLING AND CERTIFYING RESILIENT ROOF SYSTEMS, THE BOARD MAY ALSO AWARD GRANTS TO DEFRAY THE COSTS TO INDIVIDUALS FOR TRAINING AND CERTIFICATION RELATED TO INSTALLING AND CERTIFYING RESILIENT ROOF SYSTEMS; EXCEPT THAT BOARD RULES MUST REQUIRE THAT AT LEAST EIGHTY-FIVE PERCENT OF FEE REVENUE IS ALLOCATED TO GRANTS TO COLORADO HOMEOWNERS TO RETROFIT RESIDENTIAL PROPERTY TO REDUCE INSURER LOSSES DUE TO HAIL AND WINDSTORMS.

(9) NOTHING IN THIS SECTION CREATES:

(a) AN ENTITLEMENT FOR A HOMEOWNER TO RECEIVE GRANT PROGRAM MONEY TO INSPECT OR RETROFIT RESIDENTIAL PROPERTY; OR

(b) AN OBLIGATION FOR THE STATE TO APPROPRIATE MONEY TO INSPECT OR RETROFIT RESIDENTIAL PROPERTY.

10-4-2005. Study regarding insurance risk in high-risk wildfire areas of the state - repeal.

(1) THE BOARD SHALL CONDUCT OR CAUSE TO BE CONDUCTED A STUDY TO ANALYZE:

(a) THE INSURANCE RISK IN HIGH-RISK WILDFIRE AREAS OF THE STATE, INCLUDING AN ANALYSIS OF THE DEGREE OF MARKET COMPETITION AMONG INSURERS IN THOSE AREAS; AND

(b) THE IMPACT OF A HIGH RISK PROGRAM ON THE POTENTIAL LOSSES IN THE HIGH-RISK WILDFIRE AREAS OF THE STATE AND ON THE AVAILABILITY OF HOMEOWNER'S INSURANCE IN THOSE AREAS.

(2) THE STUDY SHALL EVALUATE AND MAKE RECOMMENDATIONS REGARDING THE STRUCTURE OF A HIGH RISK PROGRAM, APPROPRIATE ATTACHMENT POINTS AND CAPS, AND WAYS TO AVOID COMPETITION WITH THE PRIVATE INSURANCE MARKET. THE STUDY MAY EXPLORE POTENTIAL FUNDING MECHANISMS FOR THE PROGRAM.

(3) THE BOARD MAY CONTRACT WITH A THIRD PARTY TO CONDUCT ALL OR PART OF THE STUDY. THE BOARD, OR A THIRD PARTY THE BOARD ENTERS INTO A CONTRACT WITH TO CONDUCT THE STUDY, SHALL ENGAGE WITH RELEVANT STAKEHOLDERS IN CONDUCTING THE STUDY. RELEVANT STAKEHOLDERS MUST INCLUDE, AT A MINIMUM:

(a) REPRESENTATIVES OF REINSURERS;

(b) REPRESENTATIVES OF INSURERS WRITING HOMEOWNER'S INSURANCE CONTRACTS OR POLICIES IN COLORADO;

(c) REPRESENTATIVES OF REINSURANCE BROKERS;

(d) INDIVIDUALS WITH EXPERTISE IN COMPLEX FINANCIAL INSTRUMENTS AND DEBT INSTRUMENTS; AND

(e) CONSUMERS OR INDIVIDUALS WITH EXPERIENCE IN WILDFIRE MITIGATION.

(4) THE BOARD SHALL SUBMIT THE STUDY REQUIRED BY SUBSECTIONS (1) AND (2) OF THIS SECTION TO THE HOUSE OF REPRESENTATIVES TRANSPORTATION, HOUSING, AND LOCAL GOVERNMENT COMMITTEE AND THE SENATE LOCAL GOVERNMENT AND HOUSING COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, AND SHALL PUBLISH THE STUDY ON THE DIVISION'S WEBSITE.

(5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2031.

10-4-2006. Severability.

IF ANY PROVISION OF THIS PART 20 OR THE APPLICATION OF THIS PART 20 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS PART 20 THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS PART 20 ARE DECLARED TO BE SEVERABLE.

SECTION 2. In Colorado Revised Statutes, 10-4-405, **add** (1.2) as follows:

10-4-405. Filing of rating information - certain coverages - rules.

(1.2) NO SOONER THAN JANUARY 1, 2027, AND UPON THE COMMISSIONER ADOPTING RULES, AN INSURER OFFERING MULTIPERIL HOMEOWNER'S INSURANCE FOR PROPERTY OR RISKS LOCATED IN THE STATE SHALL SUBMIT AN ANNUAL FILING TO THE COMMISSIONER. THE ANNUAL FILING MUST INCLUDE AN EXHIBIT REPORTING:

- (a) THE NUMBER OF POLICIES IN FORCE;
- (b) THE NUMBER OF HOMES THAT HAVE INSTALLED A RESILIENT ROOF SYSTEM;
- (c) THE DISCOUNT APPLIED TO HOMES DUE TO THE PRESENCE OF A RESILIENT ROOF SYSTEM; AND
- (d) THE WIND AND HAIL CLAIMS FREQUENCY AND SEVERITY FOR HOMES WITH AND WITHOUT A RESILIENT ROOF SYSTEM.

SECTION 3. Appropriation. For the 2026-27 state fiscal year, \$66,250 is appropriated to the department of law. This appropriation is from the legal services cash fund created in section 24-31-108 (4), C.R.S., from revenue received from the department of regulatory agencies that is continuously appropriated to the department of regulatory agencies from the strengthen Colorado homes enterprise fund created in section 10-4-2003 (5)(a), C.R.S. The appropriation to the department of law is based on an assumption that the department of law will require an additional 0.3 FTE. To implement this act, the department of law may use this appropriation to provide legal services for the department of regulatory agencies.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: June 4, 2026