

HOUSE COMMITTEE OF REFERENCE REPORT

February 10, 2022

Chair of Committee

Date

Committee on Business Affairs & Labor.

After consideration on the merits, the Committee recommends the following:

HB22-1111 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, page 2, strike line 2 and substitute:

2 **"SECTION 1.** In Colorado Revised Statutes, 10-4-110.8, **amend**
3 (3) introductory portion and (3)(g); and **add** (3)(h), (3)(i), (13),".

4 Page 2, line 7, after "**concerning**" insert "**total**".

5 Page 2, strike lines 8 and 9 and substitute "**scenarios resulting from**
6 **wildfire disasters - definitions - rules.** (3) For the purposes of AS USED
7 in this section, unless the context otherwise requires:

8 (g) ~~"Recoverable depreciation" means the difference between the~~
9 ~~cost to replace insured property and the actual cash value of the~~
10 ~~property.~~ (I) "OWNER-OCCUPIED RESIDENCE" MEANS A RESIDENCE THAT
11 IS OCCUPIED PRIMARILY FOR THE USE OF THE OWNER AND THE OWNER'S
12 DESIGNEES.

13 (II) "OWNER-OCCUPIED RESIDENCE" INCLUDES, BUT IS NOT
14 LIMITED TO, AN OWNER-OCCUPIED PRIMARY RESIDENCE.

15 (III) "OWNER-OCCUPIED RESIDENCE" DOES NOT INCLUDE ANY
16 PROPERTY THAT IS INSURED UNDER A COMMERCIAL INSURANCE OR
17 AGRIBUSINESS POLICY.

18 (h) "RECOVERABLE DEPRECIATION" MEANS THE DIFFERENCE
19 BETWEEN THE COST TO REPLACE INSURED PROPERTY AND THE ACTUAL
20 CASH VALUE OF THE PROPERTY.

21 (i) "WILDFIRE" MEANS A RAPIDLY SPREADING FIRE THAT IS
22 DIFFICULT TO BRING UNDER CONTROL IN AN AREA THAT INCLUDES
23 COMBUSTIBLE VEGETATION, SUCH AS TREES, GRASS, BRUSH, OR BUSHES,
24 WHICH FIRE CAUSES WIDESPREAD OR SEVERE DAMAGE TO PROPERTY,
25 REGARDLESS OF THE ORIGINAL SOURCE OF IGNITION OF THE FIRE.

1 (13) IN OFFERING, ISSUING, OR RENEWING A PROPERTY AND
2 CASUALTY INSURANCE".

3 Page 2, strike lines 13 through 20 and substitute "EVENT OF A TOTAL LOSS
4 OF AN OWNER-OCCUPIED RESIDENCE, INCLUDING THE CONTENTS OF THE
5 OWNER-OCCUPIED RESIDENCE, WHICH LOSS OCCURS AS A RESULT OF A
6 WILDFIRE DISASTER THAT THE GOVERNOR DECLARES PURSUANT TO
7 SECTION 24-33.5-704:

8 (a) A POLICY OF HOMEOWNERS INSURANCE MAY NOT LIMIT OR
9 DENY A PAYMENT OF THE BUILDING CODE UPGRADE COST, INCLUDING A
10 PAYMENT OF ANY EXTENDED REPLACEMENT COST AVAILABLE UNDER THE
11 POLICY COVERAGE, FOR A POLICYHOLDER'S STRUCTURE THAT WAS A
12 TOTAL LOSS ON THE BASIS THAT THE POLICYHOLDER DECIDED TO REBUILD
13 IN A NEW LOCATION OR TO PURCHASE AN EXISTING STRUCTURE IN A NEW
14 LOCATION IF THE POLICY OTHERWISE COVERS THE REPLACEMENT COST OR
15 BUILDING CODE UPGRADE COST; EXCEPT THAT THE MEASURE OF
16 INDEMNITY MAY NOT EXCEED THE REPLACEMENT COST, BUILDING CODE
17 UPGRADE COST, OR EXTENDED REPLACEMENT COST FOR REPAIRING,
18 REBUILDING, OR REPLACING THE STRUCTURE AT THE ORIGINAL LOCATION
19 OF THE LOSS.

20 (b) IF A POLICY OF HOMEOWNERS INSURANCE REQUIRES A
21 POLICYHOLDER TO REPAIR, REBUILD, OR REPLACE DAMAGED OR LOST
22 PROPERTY IN ORDER TO COLLECT THE FULL REPLACEMENT COST FOR THE
23 PROPERTY, THE INSURER, SUBJECT TO THE POLICY LIMITS, SHALL:".

24 Reletter succeeding paragraphs accordingly.

25 Page 2, line 23, after "INSURED" insert "OWNER-OCCUPIED".

26 Page 3, line 2, strike "(13)(a)(I)" and substitute "(13)(b)(I)".

27 Page 3, strike lines 5 through 11 and substitute "DILIGENCE, ENCOUNTERS
28 UNAVOIDABLE DELAYS IN OBTAINING A CONSTRUCTION PERMIT, LACKS
29 NECESSARY CONSTRUCTION MATERIALS, LACKS AVAILABLE CONTRACTORS
30 TO PERFORM NECESSARY WORK, OR ENCOUNTERS OTHER CIRCUMSTANCES
31 BEYOND THE POLICYHOLDER'S CONTROL. THIS SUBSECTION (13)(b)(II)
32 DOES NOT PROHIBIT AN INSURER FROM ALLOWING A POLICYHOLDER
33 ADDITIONAL TIME TO COLLECT THE FULL REPLACEMENT COST FOR LOST OR
34 DAMAGED PROPERTY OR FOR ADDITIONAL LIVING EXPENSES.".

35 Page 3, line 15, strike "THIRTY-SIX" and substitute "TWENTY-FOUR".

36 Page 3, strike lines 17 through 26 and substitute "OPPORTUNITY TO TWICE

1 EXTEND SUCH PERIOD BY SIX MONTHS IF THE POLICYHOLDER, ACTING IN
2 GOOD FAITH AND WITH REASONABLE DILIGENCE, ENCOUNTERS A DELAY OR
3 DELAYS IN RECEIVING NECESSARY PERMIT APPROVALS FOR, OR
4 RECONSTRUCTION OF, THE INSURED OWNER-OCCUPIED RESIDENCE, WHICH
5 DELAYS ARE BEYOND THE CONTROL OF THE POLICYHOLDER.

6 (d) THE POLICY MUST PROVIDE THAT, NOTWITHSTANDING
7 SUBSECTION (11)(c) OF THIS SECTION, TO REPLACE PROPERTY AND RECEIVE
8 RECOVERABLE DEPRECIATION ON THAT PROPERTY, AN INSURER SHALL
9 ALLOW THE POLICYHOLDER THE GREATER OF:

10 (I) AT LEAST THREE HUNDRED SIXTY-FIVE DAYS AFTER THE
11 EXPIRATION OF ALE; OR

12 (II) THIRTY-SIX MONTHS AFTER THE INSURER PROVIDES THE
13 POLICYHOLDER THE FIRST PAYMENT TOWARD THE ACTUAL CASH VALUE OF
14 SUCH LOSS."

15 Page 4, line 2, after "INSURED" insert "OWNER-OCCUPIED".

16 Page 4, line 4, after "INSURED" insert "OWNER-OCCUPIED".

17 Page 4, line 8, strike "LOCATION." and substitute "LOCATION, IN WHICH
18 CASE THE CALCULATION OF THE REPLACEMENT COST OF THE INSURED
19 OWNER-OCCUPIED RESIDENCE SHALL NOT INCLUDE CONSIDERATION OF THE
20 VALUE OF THE LAND UPON WHICH THE EXISTING RESIDENCE IS LOCATED."

21 Page 4, strike line 12 and substitute "REPLACEMENT RESIDENCE IF THE
22 COVERAGE LIMIT THAT APPLIES TO THE POLICYHOLDER'S OWNER-OCCUPIED
23 RESIDENCE IS INSUFFICIENT TO PAY FOR REBUILDING OR REPLACING THE
24 OWNER-OCCUPIED RESIDENCE."

25 Page 4, strike lines 14 through 25 and substitute "CLAIM UNDER AN ISSUED
26 POLICY, AN INSURER SHALL PROVIDE TO THE POLICYHOLDER:

27 (I) APPROPRIATE CONTACT INFORMATION THAT ALLOWS FOR
28 DIRECT CONTACT WITH EITHER AN EMPLOYEE OF THE INSURER OR A
29 REPRESENTATIVE WHO IS CAPABLE OF ELEVATING COMPLAINTS OR
30 INQUIRIES TO AN EMPLOYEE OF THE INSURER;

31 (II) AT LEAST ONE MEANS OF COMMUNICATION DURING REGULAR
32 BUSINESS HOURS; AND

33 (III) A WRITTEN STATUS REPORT IF, WITHIN A SIX-MONTH PERIOD,
34 THE POLICYHOLDER IS ASSIGNED A THIRD OR SUBSEQUENT ADJUSTER TO
35 BE PRIMARILY RESPONSIBLE FOR A CLAIM. THE WRITTEN STATUS REPORT
36 MUST INCLUDE A SUMMARY OF ANY DECISIONS OR ACTIONS THAT ARE
37 SUBSTANTIALLY RELATED TO THE DISPOSITION OF A CLAIM, INCLUDING
38 THE AMOUNT OF LOSSES TO STRUCTURES OR CONTENTS, THE RETENTION

1 OF CONSULTATION OF DESIGN OR CONSTRUCTION PROFESSIONALS, THE
2 AMOUNT OF COVERAGE FOR LOSSES TO STRUCTURES OR CONTENTS, AND
3 ALL ITEMS OF DISPUTE."

4 Page 4 of the bill, strike lines 26 and 27 and substitute:

5 "(14) IF A PROPERTY AND CASUALTY INSURANCE POLICYHOLDER
6 EXPERIENCES A TOTAL LOSS OF THE CONTENTS OF AN OWNER-OCCUPIED
7 RESIDENCE THAT WAS DOCUMENTED AS BEING FURNISHED AT THE TIME OF
8 LOSS AS A RESULT OF A WILDFIRE DISASTER THAT IS DECLARED BY THE
9 GOVERNOR PURSUANT TO SECTION 24-33.5-704, THE INSURER SHALL:"

10 Page 5 of the bill, strike lines 1 through 4.

11 Page 5, line 6, strike "EIGHTY" and substitute "SIXTY-FIVE".

12 Page 5, line 8, strike "VALUE" and substitute "LIMIT".

13 Page 5, strike lines 12 and 13 and substitute:

14 "(I) ACCEPTANCE OF THE MONEY DESCRIBED IN SUBSECTION
15 (14)(a) OF THIS SECTION DOES NOT CHANGE THE BENEFITS AVAILABLE
16 UNDER THE POLICY;"

17 Page 5, line 19, after "(c)" insert "(I)".

18 Page 5, line 22, strike "(I)" and substitute "(A)".

19 Page 5, strike lines 25 and 26 and substitute:

20 "(B) PROVIDE PAYMENT FOR ANY COVERED AND UNDISPUTED
21 ITEMS WITHIN THIRTY DAYS AFTER RECEIVING THE INVENTORY.

22 (II) THE COMMISSIONER SHALL ADOPT RULES TO SIMPLIFY THE
23 PROCESS FOR POLICYHOLDERS TO SUBMIT AN INVENTORY FOR PERSONAL
24 PROPERTY LOSSES AND EXPEDITE REIMBURSEMENT FOR SUCH LOSSES."

25 Page 6, line 1, strike "THIRTY" and substitute "SIXTY".

26 Page 6, line 3, after "DEBRIS;" insert "EXCEPT THAT, IN CASES WHERE
27 DEBRIS REMOVAL IS CONDUCTED BY, OR IN COORDINATION WITH,
28 GOVERNMENTAL ENTITIES, PAYMENT FOR COVERED COSTS FOR REMOVAL
29 OF DEBRIS WILL BE PROVIDED WITHIN A REASONABLE AMOUNT OF TIME;"

- 1 Page 6, line 6, strike "THE" and substitute "SUCH".
- 2 Page 6, line 10, strike "REIMBURSE" and substitute "PAY".
- 3 Page 6, line 11, strike "TEN" and substitute "TWENTY".
- 4 Page 6, line 12, strike "THE" and substitute "SUCH".
- 5 Page 6, line 13, strike "OBLIGES" and substitute "OBLIGATES".
- 6 Page 6, line 16, strike "REIMBURSE" and substitute "PAY".
- 7 Page 6, line 23, after "OF" insert "SUBSECTIONS (13) TO (15) OF".

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