

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0277.01 Richard Sweetman x4333

HOUSE BILL 22-1111

HOUSE SPONSORSHIP

Amabile,

SENATE SPONSORSHIP

Rankin and Fenberg,

House Committees

Business Affairs & Labor
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING INSURANCE COVERAGE FOR INSURED LOSSES INCURRED**
102 **AS A RESULT OF A DECLARED FIRE DISASTER.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill establishes new coverage requirements for property and casualty insurance policies issued or renewed in Colorado, which requirements apply in the event of a loss of a residence as a result of a declared fire disaster.

The bill also establishes new requirements for insurers who issue or renew property and casualty insurance policies, which requirements

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

concern an insurer's handling of policy claims after such a loss occurs.

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

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), (14), and
4 (15) as follows:

5 **10-4-110.8. Homeowner's insurance - prohibited and required**
6 **practices - estimates of replacement value - additional living expense**
7 **coverage - copies of policies - personal property contents coverage -**
8 **inventory of personal property - requirements concerning total loss**
9 **scenarios resulting from wildfire disasters - definitions - rules.**

10 (3) ~~For the purposes of AS USED~~ in this section, unless the context
11 otherwise requires:

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

17 (II) ~~"OWNER-OCCUPIED RESIDENCE" INCLUDES, BUT IS NOT~~
18 ~~LIMITED TO, AN OWNER-OCCUPIED PRIMARY RESIDENCE.~~

19 (III) ~~"OWNER-OCCUPIED RESIDENCE" DOES NOT INCLUDE ANY~~
20 ~~PROPERTY THAT IS INSURED UNDER A COMMERCIAL INSURANCE OR~~
21 ~~AGRIBUSINESS POLICY.~~

22 (h) ~~"RECOVERABLE DEPRECIATION" MEANS THE DIFFERENCE~~
23 ~~BETWEEN THE COST TO REPLACE INSURED PROPERTY AND THE ACTUAL~~
24 ~~CASH VALUE OF THE PROPERTY.~~

25 (i) ~~"WILDFIRE" MEANS A RAPIDLY SPREADING FIRE THAT IS~~

1 DIFFICULT TO BRING UNDER CONTROL IN AN AREA THAT INCLUDES
2 COMBUSTIBLE VEGETATION, SUCH AS TREES, GRASS, BRUSH, OR BUSHES,
3 WHICH FIRE CAUSES WIDESPREAD OR SEVERE DAMAGE TO PROPERTY,
4 REGARDLESS OF THE ORIGINAL SOURCE OF IGNITION OF THE FIRE.

5 (13) IN OFFERING, ISSUING, OR RENEWING A PROPERTY AND
6 CASUALTY INSURANCE POLICY IN THIS STATE, AN INSURER SHALL COMPLY
7 WITH THE FOLLOWING REQUIREMENTS CONCERNING COVERAGE PROVIDED
8 UNDER THE POLICY TO POLICYHOLDERS TO PROTECT THEM FROM DAMAGES
9 THAT OCCUR IN THE EVENT OF A TOTAL LOSS OF AN OWNER-OCCUPIED
10 RESIDENCE, INCLUDING THE CONTENTS OF THE OWNER-OCCUPIED
11 RESIDENCE, WHICH LOSS OCCURS AS A RESULT OF A WILDFIRE DISASTER
12 THAT THE GOVERNOR DECLARES PURSUANT TO SECTION 24-33.5-704:

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

25 (b) IF A POLICY OF HOMEOWNERS INSURANCE REQUIRES A
26 POLICYHOLDER TO REPAIR, REBUILD, OR REPLACE DAMAGED OR LOST
27 PROPERTY IN ORDER TO COLLECT THE FULL REPLACEMENT COST FOR THE

1 PROPERTY, THE INSURER, SUBJECT TO THE POLICY LIMITS, SHALL:

2 (I) ALLOW THE POLICYHOLDER AT LEAST TWENTY-FOUR MONTHS
3 TO SUBMIT RECEIPTS AND INVOICES FOR THE REPLACEMENT COSTS OF THE
4 INSURED OWNER-OCCUPIED RESIDENCE, WHICH PERIOD BEGINS ON THE
5 DATE UPON WHICH THE INSURER PROVIDES THE POLICYHOLDER A
6 REASONABLE, ACCURATE, AND TIMELY ESTIMATE OF THE ACTUAL CASH
7 VALUE OF THE LOSS; AND

8 (II) PROVIDE THAT, IN ADDITION TO THE PERIOD DESCRIBED IN
9 SUBSECTION (13)(b)(I) OF THIS SECTION, THE POLICYHOLDER HAS THE
10 OPTION TO TWICE EXTEND SUCH PERIOD BY SIX MONTHS IF THE
11 POLICYHOLDER, ACTING IN GOOD FAITH AND WITH REASONABLE
12 DILIGENCE, ENCOUNTERS UNAVOIDABLE DELAYS IN OBTAINING A
13 CONSTRUCTION PERMIT, LACKS NECESSARY CONSTRUCTION MATERIALS,
14 LACKS AVAILABLE CONTRACTORS TO PERFORM NECESSARY WORK, OR
15 ENCOUNTERS OTHER CIRCUMSTANCES BEYOND THE POLICYHOLDER'S
16 CONTROL. THIS SUBSECTION (13)(b)(II) DOES NOT PROHIBIT AN INSURER
17 FROM ALLOWING A POLICYHOLDER ADDITIONAL TIME TO COLLECT THE
18 FULL REPLACEMENT COST FOR LOST OR DAMAGED PROPERTY OR FOR
19 ADDITIONAL LIVING EXPENSES.

20 (c) THE POLICY MUST INCLUDE ADDITIONAL LIVING EXPENSE
21 COVERAGE TO APPLY IN THE EVENT OF SUCH A LOSS. NOTWITHSTANDING
22 SUBSECTION (6)(b) OF THIS SECTION, ADDITIONAL LIVING EXPENSE
23 COVERAGE MUST BE AVAILABLE FOR A PERIOD OF AT LEAST TWENTY-FOUR
24 MONTHS, AND THE INSURER SHALL OFFER THE POLICYHOLDER THE
25 OPPORTUNITY TO TWICE EXTEND SUCH PERIOD BY SIX MONTHS IF THE
26 POLICYHOLDER, ACTING IN GOOD FAITH AND WITH REASONABLE
27 DILIGENCE, ENCOUNTERS A DELAY OR DELAYS IN RECEIVING NECESSARY

1 PERMIT APPROVALS FOR, OR RECONSTRUCTION OF, THE INSURED
2 OWNER-OCCUPIED RESIDENCE, WHICH DELAYS ARE BEYOND THE CONTROL
3 OF THE POLICYHOLDER.

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

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

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

13 (e) THE POLICY MUST PROVIDE THAT THE POLICYHOLDER MAY
14 EITHER:

15 (I) REPLACE THE INSURED OWNER-OCCUPIED RESIDENCE AT THE
16 CURRENT LOCATION OR ANOTHER LOCATION, IN EITHER OF WHICH CASE
17 THE CALCULATION OF THE REPLACEMENT COST OF THE INSURED
18 OWNER-OCCUPIED RESIDENCE SHALL NOT INCLUDE CONSIDERATION OF THE
19 VALUE OF THE LAND UPON WHICH THE REPLACEMENT RESIDENCE IS
20 LOCATED; OR

21 (II) USE THE PROCEEDS FROM THE POLICY TO PURCHASE AN
22 EXISTING RESIDENCE AT A NEW LOCATION, IN WHICH CASE THE
23 CALCULATION OF THE REPLACEMENT COST OF THE INSURED
24 OWNER-OCCUPIED RESIDENCE SHALL NOT INCLUDE CONSIDERATION OF THE
25 VALUE OF THE LAND UPON WHICH THE EXISTING RESIDENCE IS LOCATED.

26 (f) THE POLICY MUST ALLOW A POLICYHOLDER TO USE PROCEEDS
27 RESULTING FROM COVERAGE AGAINST THE LOSS OF OUTBUILDINGS,

1 DWELLING EXTENSIONS, AND OTHER STRUCTURES TO PAY THE COSTS OF A
2 REPLACEMENT RESIDENCE IF THE COVERAGE LIMIT THAT APPLIES TO THE
3 POLICYHOLDER'S OWNER-OCCUPIED RESIDENCE IS INSUFFICIENT TO PAY
4 FOR REBUILDING OR REPLACING THE OWNER-OCCUPIED RESIDENCE.

5 (g) WITHIN A REASONABLE AMOUNT OF TIME AFTER RECEIVING A
6 CLAIM UNDER AN ISSUED POLICY, AN INSURER SHALL PROVIDE TO THE
7 POLICYHOLDER:

8 (I) APPROPRIATE CONTACT INFORMATION THAT ALLOWS FOR
9 DIRECT CONTACT WITH EITHER AN EMPLOYEE OF THE INSURER OR A
10 REPRESENTATIVE WHO IS CAPABLE OF ELEVATING COMPLAINTS OR
11 INQUIRIES TO AN EMPLOYEE OF THE INSURER;

12 (II) AT LEAST ONE MEANS OF COMMUNICATION DURING REGULAR
13 BUSINESS HOURS; AND

14 (III) A WRITTEN STATUS REPORT IF, WITHIN A SIX-MONTH PERIOD,
15 THE POLICYHOLDER IS ASSIGNED A THIRD OR SUBSEQUENT ADJUSTER TO
16 BE PRIMARILY RESPONSIBLE FOR A CLAIM. THE WRITTEN STATUS REPORT
17 MUST INCLUDE A SUMMARY OF ANY DECISIONS OR ACTIONS THAT ARE
18 SUBSTANTIALLY RELATED TO THE DISPOSITION OF A CLAIM, INCLUDING
19 THE AMOUNT OF LOSSES TO STRUCTURES OR CONTENTS, THE RETENTION
20 OF CONSULTATION OF DESIGN OR CONSTRUCTION PROFESSIONALS, THE
21 AMOUNT OF COVERAGE FOR LOSSES TO STRUCTURES OR CONTENTS, AND
22 ALL ITEMS OF DISPUTE.

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

1 (a) NOTWITHSTANDING SUBSECTION (11)(a) OF THIS SECTION,
2 OFFER THE POLICYHOLDER A MINIMUM OF SIXTY-FIVE PERCENT, OR A
3 LARGER PERCENT BY MUTUAL AGREEMENT OF THE POLICYHOLDER AND
4 INSURER, OF THE LIMIT OF THE CONTENTS COVERAGE INDICATED IN THE
5 DECLARATION PAGE OF THE POLICY WITHOUT REQUIRING THE
6 POLICYHOLDER TO SUBMIT A WRITTEN INVENTORY OF THE CONTENTS;

7 (b) NOTIFY THE POLICYHOLDER THAT:

8 (I) ACCEPTANCE OF THE MONEY DESCRIBED IN SUBSECTION (14)(a)
9 OF THIS SECTION DOES NOT CHANGE THE BENEFITS AVAILABLE UNDER THE
10 POLICY;

11 (II) ADDITIONAL MONEY MAY BE AVAILABLE IF THE
12 POLICYHOLDER SUBMITS AN INVENTORY; AND

13 (III) THE INSURER IS REQUIRED, PURSUANT TO SUBSECTION (11)(b)
14 OF THIS SECTION, TO DISCLOSE ITS METHODOLOGY FOR DETERMINING THE
15 DEPRECIATED VALUE OF THE CONTENTS OF INSURED PROPERTY;

16 (c) (I) IF THE POLICYHOLDER SUBMITS AN INVENTORY OF
17 PERSONAL PROPERTY LOSSES IN AN AMOUNT THAT EXCEEDS THE AMOUNT
18 PAID TO THE POLICYHOLDER PURSUANT TO SUBSECTION (14)(a) OF THIS
19 SECTION:

20 (A) REQUEST ANY ADDITIONAL INFORMATION CONCERNING THE
21 INVENTORY NO LATER THAN THIRTY DAYS AFTER RECEIVING THE
22 INVENTORY; AND

23 (B) PROVIDE PAYMENT FOR ANY COVERED AND UNDISPUTED ITEMS
24 WITHIN THIRTY DAYS AFTER RECEIVING THE INVENTORY.

25 (II) THE COMMISSIONER SHALL ADOPT RULES TO SIMPLIFY THE
26 PROCESS FOR POLICYHOLDERS TO SUBMIT AN INVENTORY FOR PERSONAL
27 PROPERTY LOSSES AND EXPEDITE REIMBURSEMENT FOR SUCH LOSSES.

1 (d) PROVIDE PAYMENT FOR COVERED COSTS ASSOCIATED WITH THE
2 REMOVAL OF DEBRIS WITHIN SIXTY DAYS AFTER RECEIVING AN INVOICE,
3 RECEIPT, OR OTHER DOCUMENTATION INDICATING THE DATE AND COST OF
4 THE REMOVAL OF THE DEBRIS; EXCEPT THAT, IN CASES WHERE DEBRIS
5 REMOVAL IS CONDUCTED BY, OR IN COORDINATION WITH, GOVERNMENTAL
6 ENTITIES, PAYMENT FOR COVERED COSTS FOR REMOVAL OF DEBRIS WILL
7 BE PROVIDED WITHIN A REASONABLE AMOUNT OF TIME;

8 (e) PROVIDE PAYMENT FOR ANY COVERED LOSS OF TREES, SHRUBS,
9 AND LANDSCAPING WITHIN THIRTY DAYS AFTER THE INSURER RECEIVES
10 DOCUMENTATION OF SUCH LOSS, SUCH AS DOCUMENTATION FROM A
11 REPUTABLE LANDSCAPING COMPANY, SHOWING THE NUMBER AND NATURE
12 OF TREES, SHRUBS, AND LANDSCAPING FEATURES DAMAGED OR
13 DESTROYED; AND

14 (f) PAY THE POLICYHOLDER FOR THE LOSS OF USE OF THE INSURED
15 PROPERTY WITHIN TWENTY DAYS AFTER THE INSURER RECEIVES
16 DOCUMENTATION OF SUCH LOSS, WHICH DOCUMENTATION MAY INCLUDE
17 A SIGNED LEASE THAT OBLIGATES THE POLICYHOLDER TO PAY FOR
18 TEMPORARY REPLACEMENT HOUSING; EXCEPT THAT:

19 (I) IF A POLICYHOLDER PROVIDES A SIGNED LEASE AS
20 DOCUMENTATION, THE INSURER MAY PAY THE POLICYHOLDER IN MONTHLY
21 OR OTHER INCREMENTS, IN ACCORDANCE WITH THE TERMS OF THE LEASE;
22 AND

23 (II) ALTERNATIVELY, AN INSURER MAY PROVIDE ADVANCE RENT
24 PAYMENTS FOR HOUSING FOR THE POLICYHOLDER, FAMILY MEMBERS,
25 LIVESTOCK, AND PETS, AS NECESSARY.

26 (15) THE COMMISSIONER MAY ADOPT RULES AS NECESSARY FOR
27 THE IMPLEMENTATION OF SUBSECTIONS (13) TO (15) OF THIS SECTION.

1 **SECTION 2. Act subject to petition - effective date -**
2 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
3 the expiration of the ninety-day period after final adjournment of the
4 general assembly; except that, if a referendum petition is filed pursuant
5 to section 1 (3) of article V of the state constitution against this act or an
6 item, section, or part of this act within such period, then the act, item,
7 section, or part will not take effect unless approved by the people at the
8 general election to be held in November 2022 and, in such case, will take
9 effect on the date of the official declaration of the vote thereon by the
10 governor.

11 (2) This act applies to the offer, issuance, and renewal of property
12 and casualty insurance policies in the state and to the administration of
13 claims pursuant to such policies on and after the applicable effective date
14 of this act.