

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0277.01 Richard Sweetman x4333

HOUSE BILL 22-1111

HOUSE SPONSORSHIP

Amabile,

SENATE SPONSORSHIP

Rankin,

House Committees
Business Affairs & Labor

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, **add** (13),
3 (14), and (15) as follows:

4 **10-4-110.8. Homeowner's insurance - prohibited and required**
5 **practices - estimates of replacement value - additional living expense**
6 **coverage - copies of policies - personal property contents coverage -**
7 **inventory of personal property - requirements concerning loss**
8 **scenarios resulting from fire disasters - definitions - rules.** (13) IN
9 OFFERING, ISSUING, OR RENEWING A PROPERTY AND CASUALTY INSURANCE
10 POLICY IN THIS STATE, AN INSURER SHALL COMPLY WITH THE FOLLOWING
11 REQUIREMENTS CONCERNING COVERAGE PROVIDED UNDER THE POLICY TO
12 POLICYHOLDERS TO PROTECT THEM FROM DAMAGES THAT OCCUR IN THE
13 EVENT OF A LOSS OF A RESIDENCE, INCLUDING THE CONTENTS OF THE
14 RESIDENCE AND ANY INSURED OUTBUILDINGS, DWELLING EXTENSIONS,
15 AND OTHER STRUCTURES, WHICH LOSS OCCURS AS A RESULT OF A FIRE
16 DISASTER THAT IS DECLARED BY FEDERAL, STATE, COUNTY, OR MUNICIPAL
17 AUTHORITIES:

18 (a) IN THE EVENT THAT THE POLICYHOLDER ELECTS TO REBUILD
19 THE RESIDENCE AT THE SAME LOCATION OR ANOTHER LOCATION, THE
20 POLICY SHALL:

21 (I) ALLOW THE POLICYHOLDER AT LEAST TWENTY-FOUR MONTHS
22 TO SUBMIT RECEIPTS AND INVOICES FOR THE REPLACEMENT COSTS OF THE
23 INSURED RESIDENCE, WHICH PERIOD BEGINS ON THE DATE UPON WHICH
24 THE INSURER PROVIDES THE POLICYHOLDER A REASONABLE, ACCURATE,
25 AND TIMELY ESTIMATE OF THE ACTUAL CASH VALUE OF THE LOSS; AND

1 (II) PROVIDE THAT, IN ADDITION TO THE PERIOD DESCRIBED IN
2 SUBSECTION (13)(a)(I) OF THIS SECTION, THE POLICYHOLDER HAS THE
3 OPTION TO TWICE EXTEND SUCH PERIOD BY SIX MONTHS IF THE
4 POLICYHOLDER, ACTING IN GOOD FAITH AND WITH REASONABLE
5 DILIGENCE, ENCOUNTERS A DELAY OR DELAYS IN RECEIVING NECESSARY
6 PERMIT APPROVALS FOR, OR RECONSTRUCTION OF, THE INSURED
7 RESIDENCE, WHICH DELAYS ARE BEYOND THE CONTROL OF THE
8 POLICYHOLDER. CIRCUMSTANCES BEYOND THE CONTROL OF THE
9 POLICYHOLDER INCLUDE UNAVOIDABLE CONSTRUCTION PERMIT DELAYS,
10 A LACK OF NECESSARY CONSTRUCTION MATERIALS, AND THE
11 UNAVAILABILITY OF CONTRACTORS TO PERFORM NECESSARY WORK.

12 (b) THE POLICY MUST INCLUDE ADDITIONAL LIVING EXPENSE
13 COVERAGE TO APPLY IN THE EVENT OF SUCH A LOSS. NOTWITHSTANDING
14 SUBSECTION (6)(b) OF THIS SECTION, ADDITIONAL LIVING EXPENSE
15 COVERAGE MUST BE AVAILABLE FOR A PERIOD OF AT LEAST THIRTY-SIX
16 MONTHS, AND THE INSURER SHALL OFFER THE POLICYHOLDER THE
17 OPPORTUNITY TO PURCHASE A TOTAL OF FORTY-EIGHT MONTHS OF
18 ADDITIONAL LIVING EXPENSE COVERAGE. AN INSURER SHALL ALSO GIVE
19 AN APPLICANT AN EXPLANATION OF THE PURPOSE, TERMS, AND COST OF
20 THIS COVERAGE.

21 (c) THE POLICY MUST PROVIDE THAT, NOTWITHSTANDING
22 SUBSECTION (11)(c) OF THIS SECTION, THE POLICYHOLDER HAS THIRTY-SIX
23 MONTHS TO SUBMIT TO THE INSURER RECEIPTS SHOWING REPLACEMENT
24 COSTS FOR PERSONAL PROPERTY, WHICH PERIOD BEGINS ON THE DATE
25 UPON WHICH THE INSURER PROVIDES THE POLICYHOLDER THE FIRST
26 PAYMENT TOWARD THE ACTUAL CASH VALUE OF THE LOSS.

27 (d) THE POLICY MUST PROVIDE THAT THE POLICYHOLDER MAY

1 EITHER:

2 (I) REPLACE THE INSURED RESIDENCE AT THE CURRENT LOCATION
3 OR ANOTHER LOCATION, IN EITHER OF WHICH CASE THE CALCULATION OF
4 THE REPLACEMENT COST OF THE INSURED RESIDENCE SHALL NOT INCLUDE
5 CONSIDERATION OF THE VALUE OF THE LAND UPON WHICH THE
6 REPLACEMENT RESIDENCE IS LOCATED; OR

7 (II) USE THE PROCEEDS FROM THE POLICY TO PURCHASE AN
8 EXISTING RESIDENCE AT A NEW LOCATION.

9 (e) THE POLICY MUST ALLOW A POLICYHOLDER TO USE PROCEEDS
10 RESULTING FROM COVERAGE AGAINST THE LOSS OF OUTBUILDINGS,
11 DWELLING EXTENSIONS, AND OTHER STRUCTURES TO PAY THE COSTS OF A
12 REPLACEMENT RESIDENCE.

13 (f) WITHIN A REASONABLE AMOUNT OF TIME AFTER RECEIVING A
14 CLAIM UNDER AN ISSUED POLICY, AN INSURER SHALL:

15 (I) ESTABLISH A PRIMARY POINT OF CONTACT FOR THE
16 POLICYHOLDER, WHICH PRIMARY POINT OF CONTACT MUST BE A
17 PERMANENT DIRECT EMPLOYEE OF THE INSURER AND NOT A CONTRACTED
18 TEMPORARY ADJUSTER;

19 (II) PROVIDE THE POLICYHOLDER AT LEAST ONE MEANS OF DIRECT
20 COMMUNICATION WITH THE PRIMARY POINT OF CONTACT DURING REGULAR
21 BUSINESS HOURS; AND

22 (III) ENSURE THAT THE PRIMARY POINT OF CONTACT REFERS AND
23 TRANSFERS THE POLICYHOLDER AND AN UPDATED CLAIM FILE TO THE
24 APPROPRIATE SUPERVISOR WITH CONTROL OVER THE PRIMARY POINT OF
25 CONTACT UPON THE REQUEST OF THE POLICYHOLDER.

26 (14) IF A PROPERTY AND CASUALTY INSURANCE POLICYHOLDER
27 EXPERIENCES A LOSS OF THE CONTENTS OF A RESIDENCE THAT WAS

1 FURNISHED AT THE TIME OF LOSS, INCLUDING INSURED OUTBUILDINGS,
2 DWELLING EXTENSIONS, AND OTHER STRUCTURES, WHICH LOSS OCCURS AS
3 A RESULT OF A FIRE DISASTER THAT IS DECLARED BY FEDERAL, STATE,
4 COUNTY, OR MUNICIPAL AUTHORITIES, THE INSURER SHALL:

5 (a) NOTWITHSTANDING SUBSECTION (11)(a) OF THIS SECTION,
6 OFFER THE POLICYHOLDER A MINIMUM OF EIGHTY PERCENT, OR A LARGER
7 PERCENT BY MUTUAL AGREEMENT OF THE POLICYHOLDER AND INSURER,
8 OF THE VALUE OF THE CONTENTS COVERAGE INDICATED IN THE
9 DECLARATION PAGE OF THE POLICY WITHOUT REQUIRING THE
10 POLICYHOLDER TO SUBMIT A WRITTEN INVENTORY OF THE CONTENTS;

11 (b) NOTIFY THE POLICYHOLDER THAT:

12 (I) THE MONEY DESCRIBED IN SUBSECTION (14)(a) OF THIS SECTION
13 IS OFFERED UNCONDITIONALLY;

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

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

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

22 (I) REQUEST ANY ADDITIONAL INFORMATION CONCERNING THE
23 INVENTORY NO LATER THAN THIRTY DAYS AFTER RECEIVING THE
24 INVENTORY; AND

25 (II) PROVIDE PAYMENT FOR ANY COVERED ITEMS WITHIN THIRTY
26 DAYS AFTER RECEIVING THE INVENTORY;

27 (d) PROVIDE PAYMENT FOR COVERED COSTS ASSOCIATED WITH THE

1 REMOVAL OF DEBRIS WITHIN THIRTY DAYS AFTER RECEIVING AN INVOICE,
2 RECEIPT, OR OTHER DOCUMENTATION INDICATING THE DATE AND COST OF
3 THE REMOVAL OF THE DEBRIS;

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

10 (f) REIMBURSE THE POLICYHOLDER FOR THE LOSS OF USE OF THE
11 INSURED PROPERTY WITHIN TEN DAYS AFTER THE INSURER RECEIVES
12 DOCUMENTATION OF THE LOSS, WHICH DOCUMENTATION MAY INCLUDE A
13 SIGNED LEASE THAT OBLIGES THE POLICYHOLDER TO PAY FOR TEMPORARY
14 REPLACEMENT HOUSING; EXCEPT THAT:

15 (I) IF A POLICYHOLDER PROVIDES A SIGNED LEASE AS
16 DOCUMENTATION, THE INSURER MAY REIMBURSE THE POLICYHOLDER IN
17 MONTHLY OR OTHER INCREMENTS, IN ACCORDANCE WITH THE TERMS OF
18 THE LEASE; AND

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

22 (15) THE COMMISSIONER MAY ADOPT RULES AS NECESSARY FOR
23 THE IMPLEMENTATION OF THIS SECTION.

24 **SECTION 2. Act subject to petition - effective date -**
25 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
26 the expiration of the ninety-day period after final adjournment of the
27 general assembly; except that, if a referendum petition is filed pursuant

1 to section 1 (3) of article V of the state constitution against this act or an
2 item, section, or part of this act within such period, then the act, item,
3 section, or part will not take effect unless approved by the people at the
4 general election to be held in November 2022 and, in such case, will take
5 effect on the date of the official declaration of the vote thereon by the
6 governor.

7 (2) This act applies to the offer, issuance, and renewal of property
8 and casualty insurance policies in the state and to the administration of
9 claims pursuant to such policies on and after the applicable effective date
10 of this act.