

House Business Affairs & Labor

03/13/2025 01:30 PM

HB25-1182 Risk Model Use in Property Insurance Policies

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>Allison James For Town of Superior Colorado</p>	<p>Chair and members of the committee, thank you for the opportunity to speak in support of this critical piece of legislation. My name is Allison James and I am the Disaster Preparedness and Recovery Manager for the Town of Superior. I am here today as someone who has seen firsthand the devastating impacts of wildfire and the urgent need for better mitigation measures to protect our homes and communities.</p> <p>On December 30, 2021, the Marshall Fire tore through Boulder County with a speed and intensity that few could have imagined. Fueled by hurricane-force winds and an exceptionally dry landscape, it became the most destructive wildfire in Colorado’s history, destroying almost 1,100 homes and causing more than \$2 billion in damages. Families lost everything in a matter of hours. Entire neighborhoods, once filled with the laughter of children and the comforts of home, were reduced to ash. And in the days, weeks and years that have followed, survivors faced another unexpected battle—the fight for fair and affordable insurance coverage.</p> <p>Many homeowners were shocked to learn that their insurance policies did not account for modern wildfire risks, and some were even denied renewal. Others wondered if the mitigation work they had done for their rebuilt homes—clearing defensible space, installing fire-resistant roofing, and taking other proactive steps—had been recognized by their insurers. This bill seeks to change that.</p> <p>By requiring transparency in wildfire risk modeling and ensuring that property-specific mitigation efforts are considered, HB25-1182 will empower homeowners to take meaningful action to protect their properties and, in turn, incentivize and reduce overall wildfire risk in our communities. It will also provide policyholders with clear information about their wildfire risk scores and a fair process for appeal, ensuring that no one is penalized for circumstances beyond their control.</p> <p>Additionally, this bill will help homeowners make informed decisions about mitigation by requiring insurers to disclose which risk-reduction measures result in premium discounts or other incentives. Not all mitigation efforts cost the same, and not all are equally effective for every home. Knowing which actions have the greatest impact—both in terms of reducing wildfire risk and in lowering insurance costs—allows homeowners to prioritize measures they can afford and that will provide the most protection. For some, this may mean replacing a wood shake roof with a fire-resistant alternative. For others, it might mean clearing brush or upgrading vents to</p>

	<p>resist ember intrusion. This transparency ensures that homeowners are not left guessing about where to invest their limited resources.</p> <p>We know that mitigation works. After various fires throughout the country, some homes that have taken proactive measures—such as maintaining defensible space and using ignition-resistant materials—survived even as neighboring houses burned. Recognizing and incentivizing these efforts is not only fair but also a matter of public safety.</p> <p>The reality is that wildfire is no longer a distant threat—it is here, it is happening now, and it will continue to impact our state. This legislation is a critical step toward ensuring that homeowners are treated fairly and that we are all working together to build a more resilient Colorado.</p> <p>I urge you to support HB25-1182. Our communities cannot afford to wait.</p> <p>Thank you.</p> <p>Allison James Disaster Preparedness and Recovery Manager</p>
<p>Bryan Bernier Amend Professional Independent Insurance Agents of Colorado</p>	<p>in-person</p>

March 13, 2025

The Honorable Naquetta Ricks, Chair
House Business Affairs & Labor Committee
Colorado General Assembly
200 E. Colfax Avenue
Denver, CO 80203

Letter Sent via Email

RE: House Bill 25-1182, Risk Model Use in Property Insurance Policies

Dear Chair Ricks and Members of the Committee:

The American Property Casualty Insurance Association (APCIA) includes member companies of many sizes and varying business models that represent two-thirds of the property casualty insurance market in Colorado and a diverse group of member companies serving Coloradans. Our member companies have a long-term commitment to the people, enterprises, and communities they insure.

APCIA appreciates the opportunity to provide to the House Business Affairs & Labor Committee written testimony on HB25-1182, Risk Model Use in Property Insurance Policies, on behalf of its members. As we continue to work with the bill sponsors and the Division of Insurance on amendments, we would highlight for the committee APCIA members' primary concerns with the bill as introduced.

APCIA supports the general goal of HB25-1182, which is to provide increased understanding for consumers regarding risk scores. However, as currently drafted the bill may lead to consumer confusion, decreased consumer choice, reduced access to capital and no significant decrease in wildfire risk, in turn further exacerbating the homeowners' insurance availability and affordability challenges in areas of Colorado at high risk for wildfire. Similar compliance requirements in California were determined to be too burdensome for some small carriers resulting in companies exiting that insurance market.

We support the use of modern catastrophe models and continued collaboration with lawmakers to find the right balance. However, we continue to believe that, as introduced, there are major flaws in this bill.

Wildfire Risk Score. It is difficult for insurers to dissect an applicant's risk score at the level of detail contemplated by the bill. Complex risk models have so many interactions that insurers cannot readily separate out those factors or simply explain an almost infinite number of combinations in a manner that helps consumers. It should also be noted that many of the most predictive risk factors such as wind, slope, and distance to other high-risk areas are outside the ability of the average homeowner or business owner to control. It seems inappropriate to give property owners a false sense of security or ask them to spend money on mitigation efforts that will not meaningfully change their risk or classification. Additionally, applicants who apply to five different companies will get five different scores, as information is integrated differently.

Wrong Fit for Commercial Lines. The underwriting process for large commercial accounts is highly collaborative and customized. In some cases, large commercial risks, like Target Stores for example, are not rated at a detailed level per location. Wildfire mitigation efforts often are not captured on a location-by-location basis, so data likely does not exist, and any limited data that does would be highly inconsistent. For these and other reasons, models are not generally developed and available in commercial lines. The one-size fits all process for residential simply does not fit with most large commercial risks, and thus commercial lines should be removed from the scope of the bill.

Costly Changes. This bill will be very complex and costly to operationalize, most adversely impacting smaller companies and affecting consumer choice. Many insurers' homeowner policy systems may be challenged to produce this level of detail in written format due to current system limitations and available technology resources. Requiring features specific to a single property (dynamic form fields), typically requires costly and complex programming to generate automated form notices with applications and renewals. Excess detail can also lead to confusion, and common property features should instead be grouped into consistent and easy to understand categories. Technical details also remain unclear, such as whether a disclosure containing a wildfire score and rates must be provided by the insurer as well as the agent/broker. Establishing the necessary resources to support an appeals process that, as currently drafted, could include an unlimited number of requests from applicants and policyholders, will also put upward pressure on insurance costs.

As currently drafted, HB25-1182 would exacerbate pressures on insurance costs. It is our hope that we can secure amendments that would make the bill much less costly to implement and still achieve the goal of providing increased understanding for consumers regarding their wildfire risk scores. We need to achieve a balance between transparency for consumers and a process that does not require an entirely new workflow with technology and human resources that must be operationalized.

Thank you for your consideration of our primary concerns with HB25-1182 as currently drafted.

Sincerely,

A handwritten signature in black ink, appearing to read "Lyn D. Elliott". The signature is fluid and cursive, with the first name "Lyn" being particularly prominent.

Lyn D. Elliott
Vice President, State Government Relations – Mountain Region



Colorado General Assembly
House Business Affairs & Labor Committee
200 E Colfax Ave
Denver, CO 80203

March 12, 2025

Re: Support of House Bill 1182

Dear Chair Ricks and members of the House Business Affairs & Labor Committee,

Elevation Community Land Trust (ECLT), an organization that creates and preserves affordable homeownership opportunities for low- and moderate-income Coloradans, supports the passage of House Bill 1182 and urges you to vote yes to advance it out of committee.

In recent years, ECLT homeowners in our program have faced issues due to rapidly increasing homeowner's insurance costs. For some of these homeowners, the increased costs are due in large part to perceived wildfire risks by insurers that are not fully disclosed to such owners. For all of these homeowners, increased costs reduce their housing stability and increase their vulnerability to unanticipated changes in finances, such as medical costs or changes in employment.

This bill will support homeowners across the state by promoting transparency in the insurance industry and providing homeowners with opportunities to better understand and appeal decisions made concerning their property.

In addition to these benefits, the bill will also reduce the impacts and risks of wildfires across the state by incentivizing property owners to take actions to reduce their wildfire risk.

Elevation Community Land Trust urges you to vote yes to support this bill's passage.

Sincerely,

Charles Allison-Godfrey
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