



ECONOMY

## COMMENTARY

# Colorado should lead the way by protecting residents with climate resilient insurance reform

There has never been a more important time for states to act

| JORDAN HAEDTLER

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The Oak Ridge Fire in Pueblo County in 2024. (InciWeb)

The federal government may not be available to help Los Angeles recover from its catastrophic wildfires. President Donald Trump responded to the fires by [spreading falsehoods](#) and [initiating plans](#) to potentially eliminate FEMA, [saying](#), “I’d rather see the states take care of their own problems.”

In addition to the devastating toll that the wildfires have taken on California communities, they are also raising grave questions about whether Californians will have access to affordable housing and insurance going forward. Under President Joe Biden, financial regulators [sounded alarms about insurance market disruptions](#), [which could trigger a 2008-like financial crash](#).

Now, the prospect of the federal government remaining a reliable partner in resolving this crisis seems remote. And what’s happening in California [today could happen in Colorado tomorrow](#).

When climate disasters hit, no state should be abandoned by the federal government. But states must be prepared to insulate themselves from a federal government that is hostile to climate action. Thankfully, states do have tools to protect their residents from this reality.



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State leaders in Colorado can invest in climate resilience and help constituents deal with growing costs from climate change. This is especially true when it comes to the [soaring costs of insurance](#), which federal law establishes as primarily a responsibility of state lawmakers. To be effective, states must take a comprehensive approach to investing in both climate resilience and healthier insurance markets. They can do this by funding [ecological forest management practices](#), improving [floodplain management](#), and [integrating climate risk into state insurance regulation](#).

Insurance companies should want states to make these investments, which reduce risks from climate disasters. Until these investments are incorporated into insurance regulation, however, residents will continue to struggle with an insurance market that is becoming less affordable and less accessible.

California's government has invested more than \$3.7 billion in wildfire mitigation since 2017. But last year, state lawmakers made a costly mistake. California's insurance commissioner made a regulatory change to [require insurers to incorporate](#) the state's climate resilient investments into insurance pricing, but that same requirement was not extended to underwriting. A bill to factor climate resilient spending into underwriting [started to move through the state senate, then stalled](#). Now, the Los Angeles wildfires [have triggered a \\$1 billion assessment from the state FAIR Plan](#), and concerns that Californians will be unable to afford insurance are outweighed by concerns that insurance policies may not be available to Californians at all.

As in California, state and local governments in Colorado have [deployed substantial resources](#) toward reducing wildfire risk. Boulder County alone has [put nearly \\$9 million](#) annually toward wildfire mitigation. Still, Coloradans are paying almost \$2,000 annually above the national average for insurance premiums. Ensuring that Colorado residents finally see the benefits from government investments in risk reduction will require the state to take the lead in integrating wildfire resilience with insurance regulation, [as news reports last fall indicated it would](#).

Policies surrounding land use, infrastructure, development, disaster relief, and regulation [cannot be isolated from one another](#). Gov. Jared Polis [recognized this when he opened Colorado's legislative session](#) by embracing a package that will [support both community hazard mitigation and individual home fortification](#), make grants to communities to improve wildfire resilience, and [harmonize those investments with insurance regulation](#). It is fitting that Polis touted these reforms in a speech that had working around federal "disorder" as its theme.

As reported, this package would strengthen Colorado's resilience against wildfires, while also addressing affordability. Colorado would move ahead of California by factoring wildfire resilience into insurance underwriting. These proposed reforms show how states can act on their own to enhance climate resilience, even when the federal government won't cooperate.

And there has never been a more important time for states to act.

Though the Biden administration [invested billions](#) in building climate resilient infrastructure, congressional dysfunction failed to deliver [long-overdue fixes to the federal disaster system](#). Shutdown threats and an underfunded FEMA disaster relief fund caused

uncertainty for communities trying to [rebuild from the Maui wildfires](#), [severe flooding in the northeast](#), and [from hurricanes Helene and Milton](#). Governors from [Hawaii](#) to [Massachusetts](#) have acted to bolster their states' ability to build climate resilience and respond to disasters independent of federal assistance.

Trump has [signaled his clear intention](#) to ignore the [ways that climate change is endangering financial stability](#). Already, federal financial [regulators have reversed actions taken during Biden's term](#). States must be creative in figuring out how to get around this federal obstruction. It will fall to state governments to rebuild state capacity toward providing disaster relief and infrastructure improvements. States must properly fund relevant agencies, including [under-resourced state insurance offices](#), and [empower regulators to promote solvency](#), so that insurers don't become bankrupt when catastrophes hit.

In order to protect their residents, states must proactively adopt their own legislation. Colorado should seize this opportunity to lead the country in doing so.

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## JORDAN HAEDTLER

Jordan Haedtler is a climate financial policy strategist with Climate Cabinet based in Duluth, Minnesota. Jordan covered insurance policy for the U.S. House Financial Services Committee, and has worked on climate policy as a legislative staffer at the federal and state level. As a strategist at Climate Cabinet, he focuses on state-level policies that protect people

from the financial and economic fallout from climate change. Jordan has worked on the development of state climate financial policy in numerous states, including Colorado, Minnesota, New Mexico and Washington.

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## STATES NEWSROOM

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**FAIR. FEARLESS. FREE.**



April 1, 2025

**Re: Support HB 1182**

Dear Chair Danielson and Members of the Committee:

My name is Jordan Haedtler, and I am the insurance policy specialist for Climate Cabinet. I am writing today to urge Colorado to embrace an opportunity to lead the nation in integrating climate resilience and insurance regulation. I am also enclosing a *Colorado Newswire* op-ed that I published earlier this year, which argued why this opportunity is especially pressing in light of developments at the federal level.<sup>1</sup>

The Trump administration has begun to act on plans to dismantle the National Oceanic and Atmospheric Administration (NOAA), provoking outcry from Colorado's congressional delegation.<sup>2</sup> Last week, it was reported that officials at FEMA were "blindsided" by the Homeland Security Secretary's vow during a Trump cabinet meeting to "eliminate FEMA."<sup>3</sup>

Cuts to both NOAA and FEMA have profound implications for the diminished affordability and availability of insurance observed all around the country.<sup>4</sup> During last week's spring meeting of the National Association of Insurance Commissioners, Colorado Insurance Commissioner Michael Conway warned that cuts to FEMA would exacerbate problems in Colorado's insurance market.<sup>5</sup>

HB 1182 is a strong example of a state taking action to insulate itself from the impact of these harmful federal actions. The bill before the Committee will help Colorado governments and households continue to make progress in reducing risk. The amendments made in the House Business & Labor Affairs Committee gave the insurance commissioner important insight into how climate resilient investments made at the community and individual level are factored into insurance pricing and underwriting.

I urge the legislature to further strengthen this bill by giving the insurance commissioner clear authority to enforce the requirement that insurers' models account for mitigation

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<sup>1</sup> Colorado Newswire, *Colorado Should Lead the Way by Protecting Residents with Climate Resilient Reforms*, [April 1, 2025](#)

<sup>2</sup> Rep. Neguse, Senators Bennet and Hickenlooper Demand Investigation into NOAA Dismantling, [February 28, 2025](#)

<sup>3</sup> E&E News, *Noem blindsides FEMA by vowing to eliminate the agency*, [March 25, 2025](#)

<sup>4</sup> See e.g. Fast Company, *If Trump cuts NOAA, your insurance premiums could spike*, [February 28, 2025](#)

<sup>5</sup> National Association of Insurance Commissioners Spring Meeting, Climate and Resilience Task Force, [March 26, 2025](#)



investments. This will help Colorado avoid repeating a costly mistake made by California policymakers last year.

In 2024, California's Insurance Commissioner adopted a regulatory change requiring property insurers to factor into their pricing the substantial wildfire mitigation investments made by the state government in recent years.<sup>6</sup> A California senator introduced a bill to extend this requirement to insurance underwriting, but unfortunately that bill did not become law, and Californians are now very literally paying the price.<sup>7</sup>

Coming out of the devastating wildfires that hit Los Angeles in January, concerns that Californians won't be able to afford their insurance policies are now outweighed by concerns that Californians won't be able to access the insurance market at all.<sup>8</sup> HB 1182's language incorporating climate resilient investments into insurance underwriting can help Colorado avoid a similar fate.

Colorado should be proud of the efforts by state and local governments to invest in hazard mitigation. For example, Boulder County alone has put forward nearly \$9 million annually to support wildfire mitigation since 2021's Marshall Fire.<sup>9</sup> Coloradans should see the benefits of these investments through a more affordable and accessible insurance market.

Please strengthen and pass HB 1182. Thank you.

Sincerely,

Jordan Haedtler

Insurance Policy Specialist and Climate Financial Strategist, Climate Cabinet

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<sup>6</sup> The Nature Conservancy, Linking Forest Treatment to Insurance Benefits by Reducing Wildfire Risk, [December 2024](#)

<sup>7</sup> California Sen. Josh Becker, Bill to Address Insurance Crisis in California Advances in the Senate With Approval of Key Committee, [April 2024](#)

<sup>8</sup> Green Central Banking, *LA wildfires highlight need for solutions to US wildfire crisis*, [February 6, 2026](#)

<sup>9</sup> Denver Post, *\$141 billion in Colorado property is at risk from wildfires. Here's how that affects your homeowners insurance*, [August 25, 2024](#)