

HOMEOWNER'S INSURANCE

BEFORE AND AFTER HB 13-1225

Homeowners: Pre-1225

- C.R.S. 10-4-110.6: Definition of Homeowner's Insurance
- C.R.S. 10-4-110.7: Cancellation and nonrenewal provisions, eff. 1987 with updates Jan 1, 2005
- C.R.S. 10-4-110.8: Homeowner's Insurance – prohibited practices, 2004, 2005, 2006. Consideration of claims.
- C.R.S. 10-4-110.9: Fire Insurance – underwriting activity during a wildfire
- C.R.S. 10-4-111: Summary Disclosure Form

C.R.S. 10-4-110.8

Pre HB 13-1225

- Two definitions, “Claim” and “Inquiry”
- Only (5) prohibitions or requirements identified in Section 10-4-110.8, C.R.S.

Post HB 13-1225

- Seven definitions added: “ALE”; “Dwelling”, “Extended Replacement Cost Coverage”, “Law and Ordinance Coverage and “Recoverable Depreciation”
- Seven added requirements for a total of twelve (12) requirements.

What's new?

- HB1225 defines coverages such as Additional Living Expense, Extended Replacement Cost and Law and Ordinance.
- Definition of “Dwelling” (for the purposes of 10-4-110.8 only) means “A single-family home, other than a mobile home, condominium, or manufactured home, that is used as a primary residence by the owner of the dwelling.”
- Definition of “Recoverable Depreciation” means “the difference between the cost to replace insured property and the actual cash value of the property.”

What's new - continued

- “Extended Replacement Cost Coverage” covers an amount over and above the policy limits. HB13-1225 requires at least 20% of the policy limit be offered to the consumers
- “Law and Ordinance Coverage” covers required code upgrades. HB 13-1225 requires at least 10% of the dwelling coverage amount be offered to the consumers.
- “Additional Living Expense” covers the extra costs associated with being displaced from your home as a result of a covered loss.
 - Insurers are required to include a minimum of 12 months ALE
 - Insurers are required to *offer* a minimum of 24 months of ALE

What's New - continued

- Effective January 1, 2015 – All homeowner insurance policies, endorsements and summary disclosure forms must be written in plain language
 - 10th grade reading level
 - Flesch Reading Ease score of 50+
 - There are some exceptions when scoring including name & address of insurer, table of contents, federal law language, medical terminology, etc.

What's New - continued

- Insurers must consider a licensed contractor or architect's estimate of replacement cost;
- At renewal, the insurer shall provide written notification of any changes to the policy;
- Upon request, insurers must provide an electronic or paper copy of a policy within three (3) business days;
- If certified copy of policy is requested the insurer has thirty (30) days to provide

Total Loss Situations

- Contents:
 - Offer a minimum of 30% of contents coverage amount in lieu of an inventory form. Insurers may offer more.
 - Insureds wanting full value of contents must complete the inventory form.
 - Methodology for depreciated values must be made available to policyholder.
 - Insurers must allow 365 days from the date ALE expires to replace contents.
 - Insurers must allow the policyholder 365 days from date of loss to submit an inventory

Summary Disclosure Forms

- Forms were created through a task force of industry, consumer and Division representatives
- Disclosure forms must be sent to policyholders on an annual basis (previously at policy inception and upon any changes)

Continuing Education

- Any producer authorized to sell property or personal lines of insurance must complete a three hour course in homeowner's insurance coverage.
- The three hours must be completed within 24 months of the renewal of the license.