

Division of Insurance

Commissioner Michael Conway

Climate and Property Insurance

Presentation to the Wildfire Matters Interim Committee

June 12, 2025

Weather Conditions

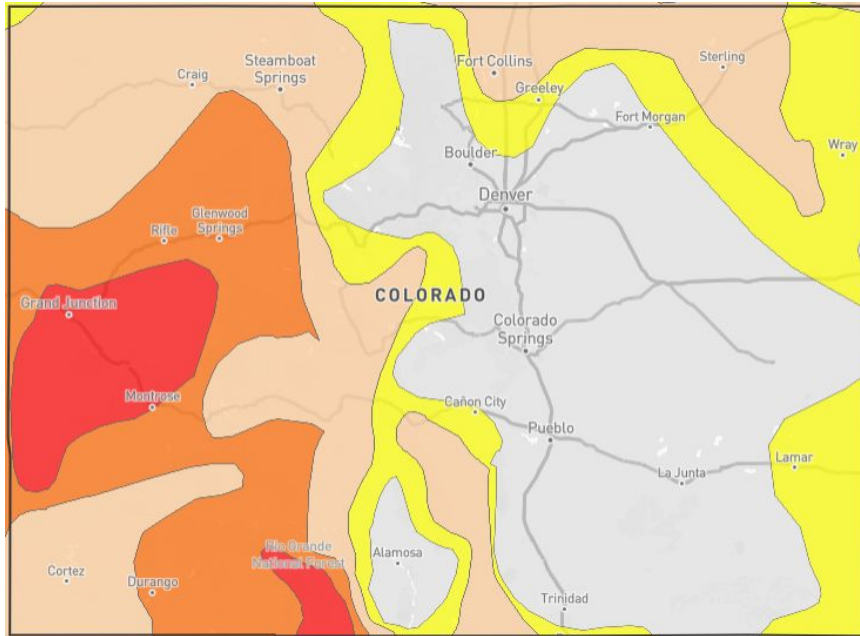
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Weather Conditions Fueling Colorado Wildfires

- Drought
 - Fuels are drier and ignite more easily
 - Warmer temperatures
 - Below normal precipitation
- High Winds: Increases fire spread & interferes with containment

Drought

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Drought Conditions by Area as of June 3, 2025

- **Extreme Drought**
 - 99.34% of Delta County
 - 77.65% of Mesa County
 - 62.14% of Montrose County
- **Severe Drought**
 - 95.95% of Garfield County
 - 89.36% of Archuleta County
 - 84.36% of Mineral County

Wind

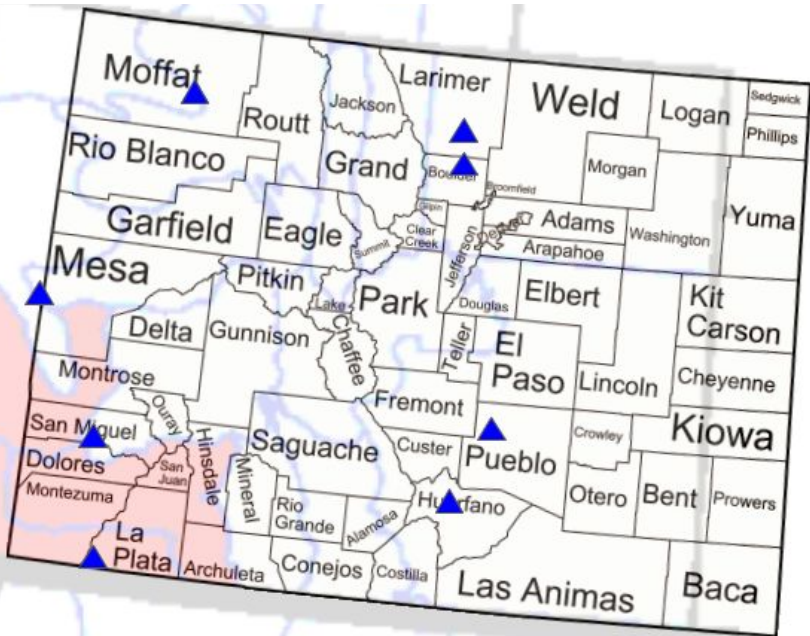
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Frequency in Colorado:

- Increase in red flag watches/warnings
 - 2025 High Wind Warnings: 432 as of June 6, 2025
 - 2015 High Wind Warnings: 409 total
 - 2025 Red Flag Warnings: 1728 as of June 6, 2025
 - 2015 Red Flag Warnings: 2201 total

Wildfire Outlook

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▲ 2024 Wildfires over 1,000 acres

- Structures lost in Alexander Mountain Fire & State Canyon Fire
- Thousands of resident evacuations

Wildfire Outlook June 2025

- Southwest Colorado: Elevated

Colorado has over 6,000 fires on average a year

https://www.nifc.gov/nicc-files/predictive/outlooks/monthly_seasonal_outlook.pdf
https://en.wikipedia.org/wiki/2024_Colorado_wildfires#/map/0

Hail

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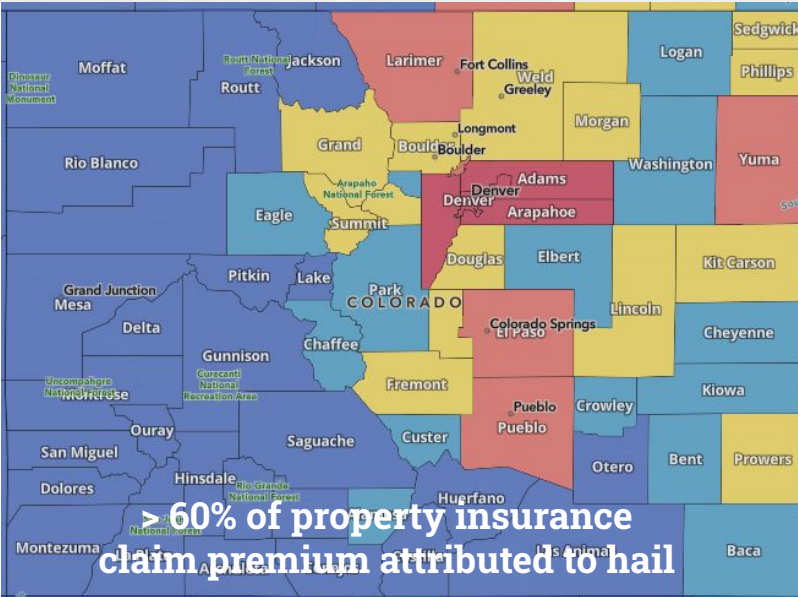
Pea = 1/4 inch diameter
Mothball = 1/2 inch
Penny = 3/4 inch
Nickel = 7/8 inch
Quarter = 1 inch ←
Ping-Pong Ball = 1 1/2 inch

Golf Ball = 1 3/4 inches
Tennis Ball = 2 1/2 inches
Baseball = 2 3/4 inches
Tea cup = 3 inches
Softball = 4 inches
Grapefruit = 4 1/2 inches

Colorado had over 800 hail storms over 1 inch in 2023
Hail over 1" is considered severe

Merino, Colorado on May 23, 2025

Picture: Britty Pratt
https://www.weather.gov/mlb/hail_threat



Very High
Relatively High
Relatively Moderate

Relatively Low
Very Low

> 60% of property insurance claim premium attributed to hail

<https://hazards.fema.gov/nri/map>

Impact on Homeowners Insurance

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- **Affordability**
 - Colorado rates are 57% higher than national averages
 - Homeowners face more out of pocket costs
 - Deductibles are increasing
 - Reduced coverage options
- **Availability**
 - Insurers had underwriting losses 8 out of 11 years, including 115% loss ratio in 2023
 - Non renewals are on the rise

Recent Legislation

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- Fair Access to Insurance Requirements Plan (HB23-1288)
- Homeowners underinsurance (HB23-1174)
- Studies on remediation of smoke, soot and ash and on HOA insurance availability and affordability (HB24-1315, HB24-1108)
- Use of risk models in property insurance (HB25-1182)
- Increase access to homeowners insurance (HB25-1302 - failed)

FAIR Access to Insurance (HB23-1288)

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- Launched April 10, 2025
- Personal property policies already in force
 - Reminder: Only available through agents and brokers
- Commercial property policies expected summer 2025

Homeowner's Insurance Underinsurance (HB23-1174)

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- Increased non renewal notice from 30 days to 60 days
- Increased law and ordinance coverage options from 10% to 20%
- Increased extended replacement coverage options from 20% to 50%
- Reconstruction report available summer 2025

Studies of Homeowner Insurance Concerns

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- **HB24-1315: Remediation of property damaged by fire**
 - Examines how homeowners can recover from smoke, soot and ash damage
 - Builds upon existing standards in collaboration with national and Colorado experts
- **HB24-1108: Insurance availability for HOA and Lodging Facilities**
 - Data collection underway to evaluate factors affecting insurance availability and affordability

Risk Model Use in Property Insurance Policies (HB25-1182)

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- **Mitigation included in Models:** Insurers must factor in property and community mitigation when scoring wildfire risk
- **Policyholder Rights:** Insurers must explain risk scores, pricing impacts, and how to lower risk
- **Appeal Process:** Policyholders can appeal wildfire risk scores directly with insurers.
- **Transparent Discounts:** Insurers must publicly list available discounts for mitigation efforts

Missed Opportunity

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Increased Access Homeowner's Insurance Enterprises (HB25-1302)

Without it, Coloradans remain more exposed to premium spikes and coverage gaps. Colorado's affordability challenges will not fix themselves.

Intended to address both affordability and availability by

- Providing **grants to homeowners** to harden roofs
- Creating a **wildfire reinsurance program** to stabilize high risk areas

Resources

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- If your constituents have a specific issue:
<https://doi.colorado.gov/for-consumers/file-a-complaint>
- For general homeowners information, including past and upcoming stakeholder meetings:
<https://doi.colorado.gov/homeowners-insurance-affordability-availability>

Questions?