Dropped by Your Home Insurer? Information for Colorado Residents

Most home insurance policies are one year contracts that can be renewed each year. But if you live in or near an area that was affected by a natural disaster, or you’ve filed one or more claims, your insurer may drop or “non-renew” your policy. Non-renewal means your insurer won’t be issuing a new policy contract when your current one expires. A cancellation is different. A cancellation means your policy is being cancelled before it expires.

As long as an insurer gives you a month’s notice before your policy is due to expire, it can choose not to renew your policy. And if, at renewal time, you decide to take your business elsewhere, you are free to do so.

If you get a non-renewal notice from your current insurer before the policy expires, contact them, find out why, and request reconsideration. Colorado law has only a few requirements and restrictions regarding non-renewals:

- A notice of non-renewal must explain the reasons and be provided at least 30 days prior to the expiration date of the policy;¹ and

- The insurer must apply their rules consistently.² That means they must impose the same brush clearance and other rules on you as they do on their other customers.

If the insurer gave you the required 30-day notice, start shopping right away for a replacement policy. If you feel you’ve been non-renewed or cancelled unfairly, contact the Colorado Division of Regulatory Agencies (DORA) and file a complaint. They can communicate with your current insurer, and offer guidance on securing a replacement policy. It’s important to keep DORA informed on insurance problems in your community.

Switching to a new insurer can have advantages. By comparison shopping, using the Internet and getting help, you may end up with better coverage at the same or even a lower price. If you can’t get insurance through a well-known brand name, you may still find a company that’s financially healthy and offers good products. As long as the company is financially strong, and their consumer complaint record is good, brand name shouldn’t matter. Research their financial rating at www.ambest.com and their complaint record on your DORA’s website, and do your best to compare the quality of the coverage, limits, exclusions and deductibles.

If you need help shopping, contact an experienced and reputable agent or broker. Review our tips on hiring a good one. An independent agent and the Internet will lead you to the widest range of options.

¹ Colorado Revised Statutes (CRS) 16-4-110.7 (3)
² 3 CCR (CO. Code of Regulations) 702-5 §7 (A)
When shopping for a new policy, use UP’s buying tips at www.uphelp.org. Compare “apples to apples” as much as possible by comparing the features that matter. Here are some of the key features to compare:

- **How much dwelling coverage would be available after a total loss?**
- **How much coverage is provided for Building Code Upgrades?**
- **Does the policy pay Replacement or Actual Cash Value on contents?**
- **Does the policy limit payment for mold and water damage, and if so, how?**
- **How much and how long will ALE/Loss of Use benefits be available?**

If you live in what’s known as an “urban wildland interface zone” you may have few choices for insuring your home and be forced to pay a higher price for less coverage at renewal time. All you can do is look around, find the best option, lock in a policy then continue to shop from time to time for new options. Remember that the home insurance market is dynamic, and new options become available over time.

If your best option is a policy from an insurer you’ve never heard of, it’s extra important to check their financial rating at www.ambest.com. Because Colorado has had a healthy competitive marketplace for home insurance, there is no government-run “insurer of last resort” as in some other states. If you can’t find coverage through the standard agents and companies doing business in Colorado, here are some steps you can take to secure coverage for your property:

- **Shop for policies that may be available through a type of insurer called “surplus” or “non-admitted.”**
- **Check your claim history or “CLUE” report, correct any errors, do your best to clean up your insurance “score.”** (Search the UP Library for more info)
- **As a last resort, your mortgage company will buy a bare bones and expensive “forced place” policy and add the cost to your mortgage. Avoid this if you can. These policies should be your very last choice and can impact your future ability to sell your property.**

If after a diligent search you cannot find a company that will insure your home, notify DORA and your elected officials immediately, and keep UP informed by emailing info@uphelp.org.

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