

HB24-1108

Final Report: Analysis of HOA & Lodging Facilities in Colorado

Prepared By

Lewis & Ellis, LLC (L&E) is a nationwide industry leader specializing in a full range of actuarial consulting services. With over 40 credentialed actuaries across offices in Dallas, Denver, Kansas City, Washington DC, Charlotte, Baltimore, London, Indianapolis, Omaha, and Hartford, L&E specializes in blending cutting edge technology with deep industry knowledge to provide tailored solutions to complex actuarial problems. L&E was selected by the Colorado Division of Insurance (CO DOI) to complete the aforementioned study. The study is being led by Somil Jain, FCAS, MAAA, MBA. Somil can be contacted at somil.jain@lewisellis.com.

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1. Introduction

On May 31, 2024, Governor Polis signed HB24-1108, which requires the Commissioner of Insurance to conduct a comprehensive study of the market for property and casualty insurance policies issued to:

- Unit owners' associations of common interest communities e.g., Homeowner Associations (HOAs)
- Owners of hotels and lodging facilities

HB24-1108 directs the Commissioner to consider the following in this report:

1. Current Market Conditions:

(i) Availability of coverage, differentiated by:

- County or ZIP code
- Markets for admitted insurance and non-admitted insurance
- Self-insured mechanisms, including captive insurance companies

(ii) Affordability of coverage, differentiated by:

- Property values
- County or ZIP code

(iii) Identification of areas in Colorado with significant availability concerns

2. Recommendations:

- Potential measures and programs to ensure:
- Long-term sustainability
- Continued availability of property and casualty insurance policies issued to associations and owners

This study was undertaken in response to concerns raised by the community regarding the affordability and availability of coverage for HOAs and lodging facilities. It evaluates the availability and affordability of commercial property insurance for unit owners' associations, primarily homeowners' associations (HOAs), condominium associations, and lodging facilities. The analysis draws on quantitative data, stakeholder input, and research on Colorado's natural catastrophe exposure to provide a comprehensive view of market conditions. In addition, the study offers recommendations aimed at addressing the challenges identified and supporting the long-term sustainability of insurance coverage for these types of properties in Colorado.



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2. Executive Summary

Colorado's HOA and lodging insurance market is facing unprecedented challenges due to the increasing frequency and severity of wildfires, hailstorms, and rising reconstruction costs. These pressures have shaped carrier participation, premium levels, and the availability of coverage—particularly in areas with significant exposure and concentration such as Denver.

This report presents a comprehensive analysis of insurer responses to data calls as well as group and individual key stakeholder interviews to identify the extent of insurance availability and affordability concerns. The report also dives into underlying factors driving the current market conditions including premium increases. It synthesizes actuarial insights to highlight emerging trends, quantify key risk drivers, and offer actionable strategies for improving availability, affordability and resilience.

Colorado's HOA and lodging insurance markets have seen significant upheaval, driven by inflationary pressures, catastrophic weather events, and shifting carrier strategies. HOA premiums have more than doubled, fueled by rising property values, updated valuations, and higher rebuilding costs. Insurers recalibrated pricing per unit of coverage in the HOA segment, where market dynamics shifted with new entrants, returning carriers, and a few exiting players, while catastrophe risks prompted tighter underwriting standards. These dynamics show that premium growth reflects a mix of inflation, exposure expansion, and competitive realignment—not just premium rate hikes. Fluctuations in TIV show profitability challenges and stricter underwriting. For detailed statistics on this topic, refer to the subsection '*Beyond Rate Change: Structural Drivers of Colorado's HOA Market*' in Section 5.1.

The lodging segment tells a different story. While overall premiums appear down, this is due to the exit of two major carriers. Excluding these, the remaining market nearly doubled its premium base, signaling a sharp shift in carrier participation and risk appetite. Denver remains the center of lodging coverage, while some counties show localized surges in policy counts and premiums. Across both segments, hail, wildfire proximity, and inflationary cost pressures dominate availability and pricing.

Reinsurance availability has not been a systemic constraint, but costs have surged due to rising interest rates and catastrophe exposure, adding volatility and complexity. Insurers increasingly rely on granular property-level evaluations, factoring in roof integrity, prior loss history, and fire protection measures. Mitigation improvements: roof upgrades, structural resilience, and wildfire defenses are now critical for favorable terms. Despite these efforts, profitability

pressures persist with over one-third of insurers reporting declining risk appetite, driven by new risk scoring models and low margins. Captive solutions remain rare, leaving HOAs and lodging operators exposed to market instability. Proactive risk management and strategic mitigation are essential to navigate Colorado's evolving insurance landscape.

Colorado's HOA and lodging insurance markets are undergoing profound disruption, driven by escalating climate risks, aging infrastructure, and a shrinking carrier base—issues repeatedly emphasized by stakeholders during recent discussions. Coverage is increasingly unaffordable and, in some cases, unavailable, forcing communities into surplus lines or layered programs. Stakeholders highlighted that catastrophe exposure from wildfires, hailstorms, and wind events are intensifying, with HOAs particularly vulnerable due to dense layouts and large roof surfaces. Deductibles have climbed to unprecedented levels, sometimes reaching 10%, creating severe financial strain. Insurers, unprepared for recent loss severity, have responded with sharp rate hikes and reduced availability, especially in high-risk zones like the Wildland-Urban Interface (WUI). While wildfire modeling is improving, stakeholders noted gaps in granularity and recognition of mitigation efforts, limiting premium relief.

Market contraction and reinsurance pressures compound these challenges. Stakeholders reported that major carriers have exited, leaving some associations with only one option - or none, while renewal quotes have surged up to eightfold. Reinsurance costs have spiked due to rising interest rates and catastrophe exposure, prompting shifts toward quota share arrangements and higher attachment points. Although availability is not a systemic constraint, affordability and complexity remain key concerns raised in stakeholder meetings. Governance and education gaps further exacerbate risk as volunteer HOA boards often lack expertise, leading to coverage misunderstandings and covenant violations.

Mitigation emerged as both a challenge and an opportunity in stakeholder discussions. Low-cost measures like ember-resistant vents and vegetation clearance can significantly reduce wildfire risk, but adoption is slow without clear incentives or premium discounts. Stakeholders also warned that insurance is becoming a barrier to affordable housing development, with projects canceled and equity concerns mounting. Public-private partnerships, targeted grants, and enforceable transparency mandates were repeatedly cited as essential to restoring stability and resilience in Colorado's property insurance landscape.

Importantly, many valuable resources for HOA and lodging facility owners - such as toolkits, webinars, stakeholder meetings, and preparedness guides - already exist. However, there appears to be low public awareness of these materials. Promoting these resources may

empower communities, improve risk management, and expand access to alternative insurance solutions.

Availability and affordability of HOA and lodging insurance in Colorado have been significantly impacted by increasing risks from wildfires, hail, and other catastrophic events. We have developed a set of recommendations to help address these challenges for consideration by the Colorado Division of Insurance (DOI) and policymakers.

Exploring regulatory opportunities, encouraging market innovation, promoting community-wide mitigation, advancing targeted education and leveraging captive solutions can play key roles in restoring carrier confidence and fostering a more sustainable, inclusive, and resilient insurance landscape across the state. Active engagement from HOAs and lodging facility owners in creating a collaborative environment, amplifying existing educational materials through social media, and promoting low-cost wildfire risk reduction steps, can make a measurable difference.

Several recommendations are provided to improve the current environment, including:

- Community resilience could be strengthened by encouraging HOAs to form captives/cooperatives and coordinate bulk mitigation upgrades.
- Carriers could improve their catastrophe risk models to reflect granular, property-level risk and incorporate community-wide mitigation efforts.
- Education and outreach could improve by amplifying existing DOI materials via social media and creating simple guides.
- Encourage low-cost steps by property owners such as clearing vegetation near structures, installing ember-resistant vents, etc.
- Coverage options could be expanded through layered structures and surplus lines.
- Claim cost management could include cosmetic damage sub-limits and tiered deductibles for catastrophic perils, helping maintain affordability and market stability.
- Transparency could improve if insurers voluntarily share premium drivers and provide actionable repair recommendations, empowering consumers to take proactive steps.

3. Process

To understand the factors contributing to rising premiums in HOA and lodging insurance across Colorado, L&E followed a structured process involving both detailed data collection and qualitative engagement with industry and other stakeholders.

3.1 Market Context and Data Call

The Colorado insurance market has total written premiums over \$56 billion across all lines of insurance as of December 31, 2024. Within this landscape, Commercial Multiple Peril (CMP) insurance (critical for property risks like HOAs and lodging facilities) accounts for approximately 2.5% of total premiums, equating to roughly \$1.42 billion, comprised of \$1.01 billion in Non-Liability CMP and \$403 million in Liability CMP written premiums.¹

To analyze the HOA and lodging facilities insurance market, data was collected through a voluntary two-step process. The first data call, issued on May 15, 2025, sought quantitative information on whether companies write property insurance for HOA and lodging facilities in Colorado and how their statewide commercial property policy count has changed over the past five years. From 486 insurer responses, 164 companies (34%) confirmed writing commercial property insurance for HOA and lodging between 2020–2024. These carriers reported a combined written premium of \$1.06 billion—an aggregate figure for the most current applicable year between 2020 – 2025, representing their total book of business, not specific to HOA or lodging.

Following this, a second targeted data call was issued on July 2, 2025, to insurers that self-identified as writing HOA and lodging coverage from the first data call. One hundred fifty responses were received, providing HOA- and lodging-specific coverage clarity. For the year 2024, written premium totaled \$208.3 million for HOA and \$125.6 million for lodging, amounting to \$333.9 million overall. These figures offer a more precise view of HOA and lodging-specific premiums, whereas the \$1.06 billion reported in the first data call reflects the combined written premium for those insurers across all their business, making the two datasets inherently non-comparable.

Out of the 150 responses received, it is important to note that not all companies answered every question or provided fully valid data. The variation in total carrier counts arises because

¹ Colorado Division of Insurance. (2025). *Colorado Insurance Industry Statistical Report 2024 (as of December 31, 2024)*. Colorado Department of Regulatory Agencies. https://doi.colorado.gov/sites/doi/files/documents/Colorado-2024-Statistical-Report_0.pdf

some carriers answered certain questions while others did not. Hence, the number of responses varies by question. For instance:

- HOA Facility State Level Data Call: A total of 110 valid responses were received.
- HOA Facility Qualitative Data Call: A total of 108 valid responses were received.

This indicates variability in data completeness across different categories. Responses classified as 'Invalid Data' typically originated from companies that do not underwrite these lines or they provided incomplete information, rendering the data unusable for analysis. A summary table detailing valid and invalid response counts for HOA and lodging from the second data call is provided below:

Table showing valid and invalid counts for HOA Facility

Data Call	Valid Data Counts	Invalid Data Counts	Total
HOA Facilities State Level	110	40	150
HOA Facilities Zip Code Level	106	44	150
HOA State Level Qualitative	108	42	150

Table showing valid and invalid counts for Lodging Facility

Data Call	Valid Data Counts	Invalid Data Counts	Total
Lodging Facilities State Level	119	31	150
Lodging Facilities Zip Code Level	117	33	150
Lodging State Level Qualitative	118	32	150

Note: The number of valid responses varies for each question, as not all respondents provided answers to every item in the data call.

The second data call focused on collecting statewide and ZIP code-level information, including:

- Total written and In-force premium from the year 2020 to 2024
- Aggregate rate changes each year from 2020 through 2024
- Risk and Premium Concentration
- Policy counts

- Total Insured Value (TIV)²
- Reinsurance Challenges
- Risk Appetite and Tolerance
- Inflation

The ZIP code-level granularity enabled the identification of regions experiencing heightened insurance challenges, particularly the areas exposed to catastrophic perils such as wildfires and hailstorms.

The second data call also included qualitative questions to capture insurer perspectives on key issues such as reinsurance availability, the impact of catastrophic events, and property insurability in high-risk areas. These responses were analyzed and form a core component of the insights presented in this report.

3.2 Stakeholder Interviews

To complement the quantitative data, interviews were conducted with key stakeholders including the Colorado DOI, insurance carriers, insurance brokers, HOA board members, reinsurance brokers, risk management companies, catastrophe modelers, insurance product developers and industry experts. These discussions provided valuable context to the quantitative data, by providing insights into underwriting practices, market behavior, and regional risk perceptions.

The qualitative input was integrated into the analysis to ensure a comprehensive understanding of the challenges and dynamics shaping the HOA and Lodging insurance market in Colorado.

² **Total insured value (TIV)** is defined as the total value of all property, assets, and structures covered under an insurance policy. For homeowners associations (HOAs) and lodging properties, TIV includes buildings, common areas, and contents. It is a critical metric used by insurers to assess exposure, as it represents the potential financial loss an insurer may incur in the event of a major catastrophic event.

4. Natural Disaster Landscape

To assess the shifting dynamics of Colorado's HOA and lodging insurance market, L&E reviewed a range of recent news articles, industry blogs, and official reports. This analysis considers the broader global natural disaster landscape, the influence of climate change on catastrophe frequency and severity and evolving reinsurance market conditions. These global trends marked by rising losses from secondary perils such as wildfires, hailstorms, and floods are reshaping insurance availability and affordability worldwide. Colorado reflects these challenges locally, with prolonged wildfire seasons, severe hail events, and recurring floods creating systemic pressures on HOA and lodging properties.

4.1 Global Natural Disaster Landscape & Climate Change

Climate change is rapidly transforming the risks posed by natural catastrophes worldwide. A notable shift has occurred from traditional “peak perils” like hurricanes and earthquakes to secondary perils including floods, severe convective storms, hail, and wildfires. In fact, secondary perils drove insured catastrophe losses in five of the six years between 2017 and 2022, contributing to the reinsurance sector underperforming its cost of capital during that period.³

According to Swiss Re's Sigma 1/2025 report⁴, global economic losses from natural catastrophes reached \$318 billion in 2024, with insured losses at \$137 billion, leaving a significant protection gap of \$181 billion—57% of the total losses remained uninsured. This figure is projected to grow to \$145 billion in insured losses in 2025, with a one-in-ten chance of reaching \$300 billion in a peak-loss year.⁵

³ Swiss Re Institute. (2025, April 29). *Natural catastrophes: Insured losses on trend to USD 145 billion in 2025 (Sigma No. 1/2025)*. Swiss Re. <https://www.swissre.com/institute/research/sigma-research/sigma-2025-01-natural-catastrophes-trend.html>

Secondary perils dominate recent nat cat losses. (2024, November 20). CIR Magazine. <https://www.cirmagazine.com/cir/c2024112003.php>

⁴ Swiss Re Institute. (2025, April 29). *Natural catastrophes: Insured losses on trend to USD 145 billion in 2025 (Sigma No. 1/2025)*. Swiss Re. <https://www.swissre.com/institute/research/sigma-research/sigma-2025-01-natural-catastrophes-trend.html>

⁵ Swiss Re: Natural catastrophe insured losses projected to reach USD 145 billion in 2025. (2025, May 15). Captive.com. <https://www.captive.com/news/swiss-re-natural-catastrophe-insured-losses-projected-to-reach-usd-145-billion-in-2025>

Notable Global Events

Event	Year	Peril Type	Insured Loss
Hurricane Ian	2022	Hurricane	\$50-65 billion
Severe Convective Storms (U.S.)	2023–2024	Hail/Tornado	\$50 billion+
European Floods	2021	Flood	\$13 billion
Turkey–Syria Earthquake	2023	Earthquake	\$5 billion

- Hurricane Ian (2022): Struck Florida with Category 4 intensity, causing \$50-65 billion in insured losses, one of the costliest hurricanes in U.S. history.⁶
- Severe Convective Storms in U.S. (2023–2024): Record-breaking hail and tornado outbreaks drove \$50 billion+ in insured losses, making SCS the leading global loss driver.⁷
⁸
- European Floods (July 2021): Catastrophic flooding in Germany and Belgium caused \$13 billion in insured losses, underscoring vulnerability in developed markets.⁹ ¹⁰
- Turkey–Syria Earthquake (2023): Magnitude 7.8 quake led to \$5 billion insured losses, emphasizing seismic risk amid climate-driven compounding hazards.¹¹

⁶ Hurricane Ian drives natural catastrophe year-to-date insured losses to USD 115 billion, Swiss Re Institute estimates. (2022, December 1). Swiss Re. <https://www.swissre.com/press-release/Hurricane-Ian-drives-natural-catastrophe-year-to-date-insured-losses-to-USD-115-billion-Swiss-Re-Institute-estimates/2ab3a681-6817-4862-8411-94f4b8385cee>

⁷ Howard, L. S. (2023, November 6). Insured losses from severe convective storms in US top \$50B for 1st time: Aon report. Insurance Journal. <https://www.insurancejournal.com/magazines/mag-features/2023/11/06/746710.htm>

⁸ Barry, M. (2023, October 25). 2023's severe weather events are proving costly to U.S. insurers. Insurance Information Institute. <https://www.iii.org/press-release/2023s-severe-weather-events-are-proving-costly-to-us-insurers-102523>

⁹ Howard, L. S. (2022, March 30). Floods drive economic losses in 2021, but only 25% of risks are insured: Swiss Re. Insurance Journal. <https://www.insurancejournal.com/news/national/2022/03/30/660344.htm>

¹⁰ Swiss Re: Cost of flooding in 2021. (2022, April 7). Atlas Magazine. <https://www.atlas-mag.net/en/article/swiss-re-cost-of-flooding-in-2021>

¹¹ Dyson, B., & Leone, T. (2023, February 24). Turkey quake insured loss estimates rise as damage takes shape. S&P Global Market Intelligence. <https://www.spglobal.com/market-intelligence/en/news-insights/articles/2023/2/turkey-quake-insured-loss-estimates-rise-as-damage-takes-shape-74372214>

Munich Re highlights that aggregate losses from secondary perils have almost tripled since the early 2000s, while insured losses from these events increased nearly sixfold, from approximately \$12 billion annually to an estimated \$73 billion in recent years.^{12 13}

4.2 Reinsurance Market Conditions and Climate Responses

The surge in secondary-peril losses has led to persistent market strain. As noted by S&P Global¹⁴ and CIR Magazine¹⁵, reinsurers failed to earn their cost of capital in five of the six years between 2017–2022, prompting primary insurers to retain more risk, accept tighter terms, and pay higher reinsurance premiums.

Swiss Re's analysis of reinsurance markets¹⁶ in 2023 highlighted robust price improvements, increased insurer retention, and significantly tighter underwriting conditions. Global traditional reinsurance capital remains around \$500 billion¹⁷, technically sufficient to absorb large losses, but availability is becoming strained under pressure from recurrent catastrophic events.

Regulatory bodies such as the Bank for International Settlements' Financial Stability Institute emphasize reinsurers' critical role in mitigating climate risks. Their FSI Insights No. 65 calls for closing the protection gap through reinsurance pricing that reflects climate realities and promoting enhanced resilience via underwriting that rewards mitigation measures.^{18 19}

¹² Grimm, T., & Hanselmann, L. (2025, October 24). *Severe thunderstorms, wildfires, and flooding – losses from “non-peak perils” are on the rise*. Munich Re. <https://www.munichre.com/en/insights/natural-disaster-and-climate-change/losses-from-non-peak-perils-are-on-the-rise.html>

¹³ Howard, L. S. (2025, January 9). *Insured losses from natural disasters hit \$140B as climate change ‘shows its claws’*. Insurance Journal. <https://www.insurancejournal.com/news/international/2025/01/09/807524.htm>

¹⁴ S&P Global Market Intelligence has released a report exploring how climate change and extreme weather are reshaping the insurance industry. (2024, November 20). PR Newswire. <https://www.prnewswire.com/news-releases/sp-global-market-intelligence-has-released-a-report-exploring-how-climate-change-and-extreme-weather-are-reshaping-the-insurance-industry-302311391.html>

¹⁵ Secondary perils dominate recent natural catastrophe losses. (2024, November 20). CIR Magazine. <https://www.cirmagazine.com/cir/c2024112003.php>

¹⁶ Pande, M. (2023, May 16). *The state of the reinsurance property catastrophe market*. Swiss Re. <https://www.swissre.com/risk-knowledge/mitigating-climate-risk/state-of-reinsurance-property-cat-market.html>

¹⁷ Swiss Re Institute. (2025, April 29). *Natural catastrophes: Insured losses on trend to USD 145 billion in 2025 (Sigma No. 1/2025)*. Swiss Re. <https://www.swissre.com/institute/research/sigma-research/sigma-2025-01-natural-catastrophes-trend.html>

¹⁸ Möhr, C., Yong, J., & Zweimueller, M. (2025, March). *Mind the climate-related protection gap – Reinsurance pricing and underwriting considerations (FSI Insights No. 65)*. Bank for International Settlements, Financial Stability Institute. <https://www.bis.org/fsi/publ/insights65.pdf>

¹⁹ FSI Insights note published on climate-related protection gaps from a reinsurance perspective. (2025, March 31). International Association of Insurance Supervisors. <https://www.iais.org/2025/03/fsi-insights-note-published-on-climate-related-protection-gaps-from-a-reinsurance-perspective/>

4.3 Natural Disaster Landscape in Colorado

Colorado faces an increasingly complex natural hazard environment, where prolonged wildfire seasons, severe hailstorms, flash floods, high winds, and occasional tornadoes have grown more frequent and intense. These shifts, driven by climate variability and evolving weather patterns, present significant challenges for property owners and insurers alike impacting coverage availability, driving premium volatility, and reshaping underwriting strategies across the state.

HOAs and lodging facilities are particularly vulnerable, as concentrated property exposures and shared infrastructure amplify the financial and operational risks from catastrophic events. The surge in wildfire and hail activity has led to dramatic insurance impacts: resort-area HOAs have reported premiums increasing by 200–300% in a single renewal cycle, forcing monthly dues to double or triple ^{20 21}. Lodging facilities in mountain counties face similar pressures, with carrier withdrawals and non-renewals following major fire and windstorm losses.

Wildfires

Colorado is home to over 321,000²² properties at moderate to extreme wildfire risk and is facing one of its most severe wildfire seasons in recent history. As of August 2025, over 100,000 acres have burned, marking the worst wildfire season since 2020. Major incidents like the Lee Fire (~123,000 acres)²³, Elk Fire (~14,500 acres)²⁴, and Turner Gulch Fire (~28,500 acres)²⁵ have triggered emergency declarations.

Historically, wildfire “season” in Colorado lasted about four months during the summer. Today, prolonged drought and rising temperatures have extended the core wildfire season in Colorado

²⁰ Tann, R. (2024, February 2). *In high-cost Summit County, soaring HOA fees are squeezing homeowners' budgets, raising rents and stifling sales*. *Summit Daily News*. <https://www.summitdaily.com/news/summit-county-colorado-hoa-fees-increase-homeowner-insurance/>

²¹ Staeger, S., & Hewson, A. (2024, February 22). *HOA insurance premiums skyrocket across Colorado, driving up condo dues*. *9News*. <https://www.9news.com/article/money/consumer/steve-on-your-side/hoa-insurance-premiums-skyrocket-colorado-condo-dues/73-25a87a39-5fb4-44c1-9e9f-cafc290a7755>

²² Stacy, N. (2025, September 23). *Wildfire risk is driving up insurance costs for Colorado homeowners* [News article]. *SOURCE*, Colorado State University. <https://source.colostate.edu/wildfire-risk-is-driving-up-insurance-costs-for-colorado-homeowners/>

²³ Wendland, T., & Sieg, S. (2025, August 13). *New evacuations called for Lee Fire as fire grows southward*. *Colorado Public Radio (CPR)*. <https://www.cpr.org/2025/08/13/colorado-lee-fire-new-evacuations-other-wildfire-updates/>

²⁴ Wendland, T., & Sieg, S. (2025, August 13). *New evacuations called for Lee Fire as fire grows southward*. *Colorado Public Radio (CPR)*. <https://www.cpr.org/2025/08/13/colorado-lee-fire-new-evacuations-other-wildfire-updates/>

²⁵ Nelson, K. (2025, August 11). *Officials update Turner Gulch Fire*. *KKCO11 News*. <https://www.kkco11news.com/2025/08/11/officials-update-turner-gulch-fire/>

by 78²⁶ days compared to the 1970s, and the state now experiences large fires in every month of the year, according to the Colorado Division of Fire Prevention and Control. This has intensified pressure on insurance markets, especially for HOAs and lodging properties in high-risk zones.

The 2021 Marshall Fire²⁷ destroyed over 1,000 homes in Boulder County and caused more than \$2 billion in insured losses. The 2020 East Troublesome Fire²⁸, which burned over 193,000 acres, underscored the increasing unpredictability of wildfires.

Hail and Severe Thunderstorms

In 2025, multiple severe hailstorms caused widespread property damage across Colorado. These events led to increased insurance claims, rising premiums, and reduced coverage availability.

Notable past events include: May 8, 2017, Colorado hailstorm struck the Denver metro area, causing \$2.3 billion²⁹ in insured losses, making it the state's costliest hail event. Golf ball to baseball-sized hail damaged thousands of homes, HOA communities, and commercial properties—roofs, windows, and siding were destroyed, and major facilities like Colorado Mills Mall closed for months due to flooding and structural damage. A 2023 hailstorm at Red Rocks Amphitheatre³⁰ that injured nearly 100 people and damaged vehicles, and a 2018 storm in Colorado Springs³¹ that caused over \$172 million in losses. A May 2024 hailstorm in Denver

²⁶ Colorado Division of Fire Prevention & Control. (n.d.). *Wildfire preparedness*. Colorado Department of Public Safety. <https://dfpc.colorado.gov/communityfireprep>

²⁷ Flynn, C. (2022, October 27). Marshall Fire devastation cost: More than \$2 billion. KDVR. <https://kdvr.com/news/boulder-wildfire-marshall-fire/marshall-fire-devastation-cost-more-than-2-billion/>

²⁸ Rose, A. (2021, December 30). Marshall Fire destroys homes, causes widespread destruction in Superior and Louisville. KDVR. <https://kdvr.com/news/local/boulder-fire-superior-louisville-destruction/>

²⁹ 9News. (n.d.). 7 years ago: A look at Colorado's catastrophic, \$2.3 billion hail storm. 9News. <https://www.9news.com/article/weather/weather-colorado/colorado-2017-hail-storm/73-be293f3a-6f63-4f06-87b0-dbe3990fcc66>, Heft, J. R. (2017, May 23). Colorado hailstorm on pace to be most expensive in state history. Insurance Journal. <https://www.insurancejournal.com/news/west/2017/05/23/451979.htm>

³⁰ CBS News Colorado. (2023, June 22). Red Rocks hailstorm: Cellphone videos, photos show terrifying scene. CBS News. <https://www.cbsnews.com/colorado/news/red-rocks-hailstorm-cellphone-videos-photos-terrifying-scene/>

³¹ KOAA 5 News. (2018, August 16). \$172.8 M in insured damages from Colorado Springs hail storm. KOAA. <https://www.koaa.com/news/covering-colorado/2018/08/16/172-8m-in-insured-damages-from-colorado-springs-hail-storm/>

caused nearly \$2 billion³² in damages, the second costliest in state history. In June 2025, baseball-sized hail hit Milliken³³ and Johnstown, damaging homes and vehicles.

Floods

In 2025, the Mile High Flood District³⁴ reactivated flood warning systems due to heightened flood risk. FEMA has issued multiple disaster declarations in recent years, including for severe storms and flooding in 2023³⁵.

October 2025 Pagosa Springs flood in Archuleta and La Plata counties brought 3–5 inches of rain, causing the San Juan River to overflow and forcing evacuations of nearly 400 homes. About 90 properties and key infrastructure were damaged, and The Springs Resort & Spa had several pools submerged by floodwaters.³⁶

The 2013 Front Range floods dropped over 17 inches³⁷ of rain in some areas, causing more than \$2 billion³⁸ in damages. Flash flooding in Glenwood Canyon in 2021 disrupted transportation and highlighted post-fire debris flow risks³⁹. In August 2025, flash floods and mudslides in Rio Blanco County blocked roads and prompted emergency responses⁴⁰. The 2023 DR-4731 FEMA disaster declaration covered 15 counties affected by storms, flooding, and tornadoes.⁴¹

³² Whitfield, C. T. (2024, August 21). Denver hailstorm in May caused nearly \$2 billion in damage. Colorado Public Radio (CPR). <https://www.cpr.org/2024/08/21/denver-hailstorm-in-may-caused-nearly-2-billion-in-damage/>

³³ Acosta, V. (2025, June 17). Milliken residents prepare for second round of storms after overnight hail. Denver7. <https://www.denver7.com/weather/milliken-residents-prepare-for-second-round-of-storms-after-overnight-hail/>

³⁴ Mile High Flood District. (n.d.). Flood warning program. <https://old.mhfd.org/services/flood-warning-program/>

³⁵ Federal Emergency Management Agency. (2023, August 25). FEMA-4731-DR: Colorado — Severe storms, flooding, and tornadoes (Disaster declaration). FEMA. <https://www.fema.gov/disaster/4731>

³⁶ 9News. (2025, October 12). Flooding evacuations in southwestern Colorado. 9News. <https://www.9news.com/article/weather/weather-colorado/flooding-evacuations-southwestern-colorado/73-8092a390-2131-47ba-b858-e6f75813d5ba>, Pagosa Springs. (2025, October). Navigating the deluge: Pagosa Springs flood update from October 11–12, 2025. My Pagosa Springs. <https://mypagosasprings.com/navigating-the-deluge-pagosa-springs-flood-update-from-october-11-12-2025/>

³⁷ Cooperative Institute for Research in Environmental Sciences. (2014, September 29). Climate change not to blame for 2013 Colorado floods. CIRES, University of Colorado Boulder. <https://cires.colorado.edu/news/climate-change-not-blame-2013-colorado-floods>

³⁸ Thompson, J. (2012, October 1). Lessons from the flooded Front Range. High Country News. <https://www.hcn.org/issues/45-17/lessons-from-the-flooded-front-range/>

³⁹ U.S. Geological Survey. (2022). Glenwood Canyon flooding and debris flows – Grizzly Creek, Colorado (StoryMap). U.S. Department of the Interior. <https://landslides.usgs.gov/storymap/grizzlycreek/>

⁴⁰ CBS News Colorado. (2025, August 31). Flash flooding, mudslides reported near Lee Fire in western Colorado. CBS News. <https://www.cbsnews.com/colorado/news/flash-flooding-mudslides-lee-fire-western-colorado/>

⁴¹ Colorado Division of Homeland Security and Emergency Management. (2023). DR4731: June severe storms, flooding, and tornadoes 2023. MARS. <https://mars.colorado.gov/DR4731>

High Winds & Tornadoes

High winds are defined as sustained speeds of 40 mph or greater for one hour or longer, or winds of 58 mph or greater for any duration. Common in Colorado, Chinook winds are warm, dry winds descending from the eastern slopes of the Rocky Mountains, often causing rapid temperature increases and sometimes moving with considerable force. Cold, dry Bora winds, experienced after cold fronts pass from the northwest, can reach speeds of over 100 mph.⁴² Derechos in 2021 produced gusts up to 107 mph in Lamar and 100 mph in Colorado Springs. While wind events often cause roof and siding damage, tornadoes add further risk.

Tornadoes are also a seasonal hazard, averaging 51–66⁴³ annually, predominantly as weaker EF0–EF1 twisters across the eastern plains. However, more intense tornadoes do sporadically occur. Since 1950, Colorado has recorded over 2,400 tornadoes, including 71 in 2020 and 92 in 2023, with cumulative insured loss reaching roughly \$292 million.⁴⁴ While EF4 or EF5 tornadoes are rare, Colorado has experienced notable strong events such as the June 7, 1981 Limon tornado, an EF3 that destroyed dozens of homes and businesses, caused widespread infrastructure damage, and resulted in millions in insured losses.^{45 46}

Winter Storms & Blizzards

Winter storms are labeled “deceptive killers” in Colorado, bringing hypothermia, icy roads, roof collapses, and whiteouts.⁴⁷ The state’s costliest winter incident, the March 2003 blizzard, resulted in \$93.3 million in insured losses.⁴⁸ Other notable events include the October 1997 storm (\$10.5 million insured loss)⁴⁹ and the “Holiday Blizzard” of December 2006⁵⁰. These

⁴² <https://planningforhazards.colorado.gov/wind-hazards>

⁴³ ChaseDay. (2025, August 12). How often does Colorado get tornadoes? ChaseDay.

<https://www.chaseday.com/how-often-does-colorado-get-tornadoes/>

⁴⁴ The Coloradoan. (n.d.). Tornado archive: Tornadoes in Colorado since 1950. The Coloradoan.

<https://data.coloradoan.com/tornado-archive/>

⁴⁵ National Weather Service. (n.d.). Colorado tornado history.

https://www.weather.gov/bou/Colorado_Tornado_History

⁴⁶ GeoStat.org. (n.d.). Tornadoes near Limon, Colorado. <https://www.geostat.org/data/limon-co/tornadoes>

⁴⁷ Colorado Division of Homeland Security and Emergency Management. (n.d.). Winter storm/blizzard hazard information. <https://dhsem.colorado.gov/info-center/colorado-hazard-information/winter-storm/blizzard>

⁴⁸ Rocky Mountain Insurance Information Association. (n.d.). [Winter Storms]. RMIIA.

http://www.rmiia.org/catastrophes_and_statistics/Winter_Storms.asp

⁴⁹ Rocky Mountain Insurance Information Association. (n.d.). [Winter Storms]. RMIIA.

http://www.rmiia.org/catastrophes_and_statistics/Winter_Storms.asp

⁵⁰ ThorntonWeather.com. (n.d.). Looking back: Denver’s Holiday Blizzard of 2006.

<https://www.thorntonweather.com/blog/weather-history/looking-back-denvers-holiday-blizzard-of-2006/>

events highlight the continuing threat of extreme winter weather for HOAs and lodging properties.

Hailstorms and wildfires dominate Colorado's insured loss landscape. Hailstorms often produce the largest single-event losses such as the 2017 Denver storm causing \$2.3 billion in damages, driving steep premium hikes, higher roof deductibles, and cosmetic damage exclusions. Wildfires, on the other hand, create systemic risk due to longer seasons and growing severity, with events like the 2021 Marshall Fire exceeding \$2 billion in insured losses. These trends have led to stricter underwriting, non-renewals in high-risk zones, and mandatory mitigation measures for coverage. Flooding and other hazards add complexity but remain secondary in insured impact. Overall, these dynamics are reshaping Colorado's HOA and lodging insurance market, making proactive risk management essential for maintaining affordable coverage.

5. Quantitative Analysis

This section establishes a data-driven foundation for understanding market dynamics and risk concentration across the HOA and lodging segments. The analysis draws on statewide and ZIP code-level data, offering both a macro-level perspective and granular insights into localized challenges.

The core quantitative factors examined include:

- Written Premium (WP) and its concentration
- In-Force⁵¹ Policy Counts (PC)
- Catastrophic Events as Core Drivers of Market Strain
- Risk Tolerance
- Insurance Eligibility Constraints
- Total Insured Value (TIV)
- Reinsurance Challenges
- Geographic Concentration of exposures by county and ZIP Code

Collectively, these metrics enable evaluation of market size, pricing volatility, exposure concentration, and coverage adequacy. Including ZIP code-level detail enables granular analysis of geographic variations, supporting deeper insights into regional market dynamics and potential risk concentration. This granularity supports a deeper understanding of localized risk drivers and informs targeted mitigation strategies.

The following subsections present detailed analyses of these factors, beginning with written premium trends and policy counts, and progressing through catastrophic loss experience, risk tolerance, eligibility factors, insured value concentrations, reinsurance challenges, and geographic distribution of exposures across Colorado.

⁵¹ **In-force** refers to an insurance policy that is currently active and providing coverage.

5.1 HOA Facility

Written Premium

Between 2020 and 2024, written premiums for HOA facilities more than doubled, rising by 115% from approximately \$97 million to \$208 million. This big jump happened because of several reasons: rising property values, higher costs to rebuild homes, more frequent disasters like hailstorms and wildfires, and overall increases in insurance rates. On top of that, the number of active policies grew by 30%, which also added to the increase in premiums. Insurers consistently cite these factors as key drivers behind the affordability and availability challenges impacting HOA coverage.

Importantly, the below mentioned top five insurers gained market dominance, expanding their share of written premium from 26% to 48% in this time frame, reflecting a higher concentration within the market. This consolidation could potentially mean that pricing trends could be influenced by a handful of leading carriers. Further, this concentration heightens systemic risk if any large insurer alters their underwriting aggressively or exits the market.

Table - HOA Facility: Top 5 Companies by Written Premium

Company	WP - 2020	WP - 2024	% Change	In Force PC - 1/1/2020	In Force PC - 1/1/2025	% Change
Company 1	\$ 9,217,784	\$ 43,010,317	367%	1870	2517	35%
Company 2	\$ 7,755,594	\$ 21,477,317	177%	420	1021	143%
Company 3	\$ 5,603,744	\$ 12,619,204	125%	481	567	18%
Company 4	\$ 286,144	\$ 11,642,098	3969%	17	191	1024%
Company 5	\$ 2,066,706	\$ 10,409,435	404%	75	265	253%
Grand Total	\$ 24,929,972	\$ 99,158,371	298%	2863	4561	59%

Atypical Changes in Written Premiums

Colorado's HOA market saw a polarized pattern in written premium changes. Under normal conditions, we would expect most insurers to report moderate adjustments clustered around the midpoint. i.e., in typical scenarios we would have expected to see a lot more companies report moderate increases. Below in Categories A and G (Top 2 categories), 40 insurers reported premium increases of more than 100%, while 26 insurers experienced decreases greater than 20%. This represents a stark deviation from normal trends where moderate premium shifts dominate.

Table - Written Premium % Change Counts - 1/1/ 2020 - 12/31/2024

Field	Count
A:More than 100% increase	40
B:More than 50% increase	7
C: More than a 20% increase	9
D:10% - 20% increase	6
E:Less than 10% increase or decrease	7
F:10% - 20% decrease	1
G:More than 20% decrease	26
Grand Total	96⁵²

This split shows that the market is going through a major shift. Some insurance companies are sharply increasing premiums, presumably to keep up with rising costs from catastrophic events and inflation. At the same time, others are pulling back—either by reducing the number of policies they offer or by leaving high-risk areas altogether. These contrasting strategies are creating more unpredictability in the market.

In Force Policy Counts

Between 2020 and 2024, the number of in force policies for HOA facilities in Colorado grew from 10,464 to 13,557, marking around a 35% increase over the four-year period. This growth, while non-trivial, is modest compared to the surge in written premiums, indicating that premium per policy has increased substantially and is a real driver of overall premium growth.

⁵² Of the 150 data calls, valid responses were received from 96 insurers for this question.

While several leading competitors expanded their policy count share, driven by strategic underwriting and increased demand, others reduced their presence, often in response to rising catastrophe losses or tighter risk selection criteria.

As shown in the table below, the top five insurers account for approximately 60% of all in-force HOA policies, reflecting a notable concentration within the market. This level of concentration may increase sensitivity to strategic changes by these insurers, which could influence coverage availability and pricing dynamics.

Table - HOA Facility : Top 5 Companies by In Force Policy Counts

Company	total in force PC - 1/1/2020	total in force PC - 1/1/2025	% Change
Company A	1670	2599	56%
Company B	1870	2517	35%
Company C	390	1405	260%
Company D	420	1021	143%
Company E	1780	751	-58%
Grand Total	6130	8293	35%

These trends clearly show some carriers significantly expanded their presence in Colorado's HOA insurance market, increasing both written premium and policy counts. This suggests they are confident in covering and handling more risks in catastrophe-prone areas. Their expansion is likely driven by opportunities from rising rates, strong market presence, and a strategy to capture growing demand. In contrast, one carrier saw a decline in both metrics, likely due to a more cautious approach and reduced willingness to take on high-risk coverage.

Catastrophic Events as Core Drivers of Market Strain

Catastrophic events such as hail and wildfires emerge as dominant factors driving insurance availability constraints and premium increases. Insurers ranked hail as the top factor impacting availability of HOA, followed by risk appetite and wildfire risk. See below ranked factors based on the data call:

Table - Factors impacting the availability of HOA insurance

Factor	Rank
Hail	1
Risk Appetite	2
Wildfires	3
TIV risk concentration	4
Windstorm	5
Liability/Social inflation	6
Reinsurance	7
Other	8

Additional concerns included freeze events, water damage and inflationary pressures like rising costs of building materials and labor, amplifying claim severity and replacement costs.

As reported in the survey responses, these hazards have led insurers to adopt more stringent underwriting standards and seek higher premiums to maintain stability and profitability.

Risk Appetite

Risk appetite has contracted materially across the HOA insurance market in Colorado, with approximately 37% of carriers—specifically 39 out of 105 insurers—reporting a reduction in their risk tolerance. In contrast, 58 insurers have indicated no change in their risk appetite.

Table - Risk Tolerance Change (HOA Facility)

Field	Count
A:Increased Risk Tolerance	8
B:Decrease Risk Tolerance	39
C:No Change	58
Grand Total	105⁵³

As reflected in the below, this shift points to growing caution among insurers. Much of this is driven by the adoption of updated risk scoring models, which have changed how insurers assess potential losses. Combined with ongoing pressure to stay profitable in the face of frequent and severe catastrophes, these changes are prompting insurers to be more selective and conservative in their coverage decisions.

Table - Reasons - Decrease in Risk Tolerance

⁵³ Of the 150 data calls, valid responses were received from 105 insurers for this question.

Factors	Rank
New/Changes to scoring	1
Other	2
Underwriting Eligibility	3
New/Changes to Model	4

For carriers, strategic priorities have shifted from growth to margin preservation, driven by persistently low profitability across the HOA insurance market. This sentiment is echoed by the multiple stakeholders like HOA board members, who have all highlighted the unsustainable nature of rising insurance costs and shrinking margins.

Insurance Eligibility Factors/Constraints

Insurer eligibility assessments for HOA Facility insurance in Colorado have become increasingly sophisticated following recent spikes in catastrophic losses. Based on the responses (see below table), the key factors determining HOA eligibility are Condition of Property, Geographic Location, and Prior Loss History. This reflects a broader shift toward granular, property-level risk evaluation, particularly in regions affected by wildfire and hail.

Below are the ranked factors impacting eligibility in HOA Facility:

Table - Factors impacting the eligibility of HOA facility

Factor	Rank
Condition of Property (Not including Roof)	1
Location	2
Prior Loss History	3
Roof	4
Age of Property	5
Over TIV ⁵⁴	6
Occupancy Type ⁵⁵	7
Number of Buildings	8
Other	9

It is important to note that there would be overlap between various factors such as increase in policies, increase in property values, rate increases, aging properties, etc., that result in the overall increase in written premium from 2020 to 2024. This data call does not provide enough information to separate out the impact from each contributing factor.

Mitigation improvements are increasingly viewed as part of core property-level risk factors such as overall condition, roof integrity, and structural resilience. Insurers assess whether HOAs have implemented measures like roof upgrades, timely repairs, and fire protection enhancements to reduce exposure to hail, wildfire, and water damage. These proactive steps strengthen the property's risk profile and often lead to better eligibility and pricing outcomes.

Additional property-specific factors play a critical role in underwriting decisions. These include whether necessary repairs have been fully completed, the type of construction and some minimum deductible⁵⁶. Insurers also consider fire protection measures and the presence of

⁵⁴ **Over total insured value (over TIV)** refers to a situation in which a property is insured for an amount greater than its actual replacement or market value. Insurers view over-TIV conditions as a concern because they may increase the risk of fraudulent claims.

⁵⁵ **Occupancy type** refers to how a property is used or inhabited. For homeowners associations (HOAs), it indicates whether units are owner-occupied, rented, vacant, or used for short-term stays. For lodging properties, it relates to the type of business (e.g., hotel, motel, resort, or extended-stay) and patterns of room occupancy. Occupancy type influences risk assessment and insurance decisions.

⁵⁶ One carrier responded in the data call that “what the risk’s deductible was for a loss and impact that deductible had on retention funds,” but the exact interpretation remains unclear (Carrier, August 2025).

defensible space near wildlands, especially in high-risk areas. These elements, along with proximity to wildlands, help insurers assess the overall risk profile of a property. Insurers increasingly favor well-maintained properties with effective risk mitigation strategies, while those with prior claims or in poor condition tend to face greater scrutiny.

TIV Changes

Further, Colorado's HOA market has experienced pronounced volatility in TIV. Thirty-six insurers reported TIV increases exceeding 75%, driven largely by inflationary pressures on reconstruction costs (building materials, labor) and rising property values. Conversely, 33 insurers recorded decreases greater than 21%, suggesting deliberate risk exposure reductions or withdrawal from certain high-risk segments.

This variation in TIV reflects two competing market forces— inflation and loss experience— prompting insurers to increase policy limits and coverage amounts versus strategic risk management through decreased risk exposure. The outcome is a market characterized by heightened variability, shifting capacity, and evolving underwriting strategies, creating an environment where pricing and availability can change rapidly.

Reinsurance Challenges

Contrary to trends observed in other catastrophe-exposed markets, reinsurance availability in Colorado has not emerged as a major constraint for HOA facility insurers. Of the 98 insurers surveyed, only 16 reported difficulties in securing reinsurance coverage over the past three years. Among those facing challenges (see table below), the most critical barrier was the cost of reinsurance, driven by rising premiums that make coverage increasingly unaffordable.

Reinsurance costs have surged, influenced by rising interest rates and increased catastrophe exposure, which have heightened reinsurers' risk perception and pricing volatility. Limits on reinsurance ranked second, reflecting capacity constraints that restrict protection. Attachment points followed, as higher thresholds increase financial exposure for primary insurers. Recovery terms, such as the percentage paid after attachment, and other factors were less impactful but still influence risk management strategies.

Table - Among insurers facing challenges in acquiring reinsurance for HOA facilities, the critical factors driving these challenges are:

Factor	Rank
Cost	1
Limits on Reinsurance	2

Attachment Point	3
% Paid after Attachment Point	4
Other	5

However, this should not be viewed as a static scenario. The concentrated growth of a few carriers introduces systemic risk, which, if left unchecked, could lead to market imbalances or sudden affordability shocks. While current reinsurance pressures appear limited, the rising frequency of catastrophic events could strain capacity and exacerbate both pricing and availability challenges. Continued monitoring of reinsurance dynamics is essential to anticipate potential shifts and safeguard long-term market stability.

Captives⁵⁷

According to the data call, there are only four HOA captives in Colorado. This limited presence suggests that captives are not yet widely adopted as a risk management solution for homeowners' associations, despite growing challenges from wildfires, hail, and other catastrophic events.

Geographic Concentrations

Between 2020 and 2024, Colorado's top 10 counties by in-force HOA insurance premium experienced notable shifts in insurance activity, with premium increases reaching up to 143% and policy count growth of 82% in certain areas. This county-level expansion reflects broader market responses to rising catastrophe exposure, housing development, and inflationary pressures.

At a more granular level, ZIP code-level analysis reveals even sharper trends. In the top 10 ZIP codes by in-force HOA insurance premium, policy counts surged by as much as 652%, while in-force premium volumes rose by over 400%, indicating localized risk accumulation and targeted insurer adjustments. These patterns underscore the importance of geographic segmentation in underwriting and pricing strategies.

By County Analysis

⁵⁷ A **captive insurance company** is an insurance entity created and owned by a non-insurance company (or group of companies) to insure the risks of its owner(s). Captives function as a formalized form of self-insurance, providing greater control over coverage, costs, and risk management compared to traditional insurance (Cappelletti, 2025). Source: Cappelletti, A. (2025). *Captive insurance (SOA Study Note: 2025-11 GI-201)*. Society of Actuaries. [Society of Actuaries – Captive Insurance Study Note](#)

A granular review of HOA insurance activity at the county level in Colorado provides critical context for understanding the local dynamics for insurers, HOAs, and regulators seeking to manage risk, ensure pricing adequacy, and maintain market stability.

1. Urban and High-Growth Counties: Denver, Jefferson, Arapahoe, El Paso, Douglas, Adams

Five counties (Denver, Jefferson, Arapahoe, El Paso and Douglas) represent the core of Colorado's insured exposure, driven by dense residential development, high property values, and a large concentration of HOAs.

- Denver County leads in total in-force premium at \$35.8 million. This is largely due to its dense population, extensive urban development, and the presence of numerous high-value residential properties and HOAs. Inflation-driven increases in rebuilding costs have further elevated insurer exposure. The metropolitan area's susceptibility to frequent hailstorms results in significant accumulated risk.
- Jefferson and Arapahoe Counties follow closely, with premiums of \$22.3 million and \$17.5 million, respectively. Their suburban density and clustering of risk due to concentrated developments contribute to high loss potential from hail, wind, and flood events.
- El Paso County stands out with the highest policy count (2,500), indicative of broad market participation across diverse housing types in the rapidly expanding Front Range. Denver (1,772 policies) and Arapahoe (1,115) maintain significant shares, aligning closely with their premium concentrations.
- Douglas and Adams Counties also show strong growth, reflecting suburban expansion and increasing exposure to climate-related hazards.

These counties serve as economic anchors for the state's insurance pool. Any shifts in underwriting strategy or claims experience here can have systemic implications for availability and affordability statewide.

2. Mountain and Resort Counties: Summit, Eagle, Pitkin

Summit, Eagle, and Pitkin counties present a distinct risk profile driven by high-value properties, seasonal occupancy, and elevated exposure to natural hazards.

- These areas are home to a significant number of luxury and second homes, many of which are located in zones with elevated wildfire potential and subject to severe winter conditions that contribute to freeze and water-related losses.
- The total in-force premium in Summit County is approximately \$12.3 million, while Pitkin County accounts for around \$7.5 million, highlighting the substantial insured value concentrated in these regions.

The combination of concentrated property values and escalating environmental risks has created significant upward pressure on insurance premiums in these areas, a trend that is expected to ripple across the state.

Table - Top 10 Counties: By In Force Premium (HOA Facility)

County	In Force Premium - 1/1/2020	In Force Premium - 12/31/2024	% Change
Denver	\$ 15,296,961	\$ 35,803,252	134%
Jefferson County, Colorado	\$ 12,854,153	\$ 22,301,954	73%
Arapahoe County, Colorado	\$ 11,774,853	\$ 17,451,831	48%
El Paso County, Colorado	\$ 7,688,632	\$ 16,142,292	110%
Larimer County, Colorado	\$ 5,331,654	\$ 12,971,479	143%
Boulder County, Colorado	\$ 5,519,759	\$ 12,486,787	126%
Summit County, Colorado	\$ 6,126,075	\$ 12,340,922	101%
Eagle County, Colorado	\$ 5,415,051	\$ 11,902,091	120%
Adams County, Colorado	\$ 5,406,669	\$ 9,276,797	72%
Pitkin County, Colorado	\$ 4,091,116	\$ 7,517,891	84%

Out of Total State Premium

82%

Top 10 Counties by In Force Premium - 12/31/2024

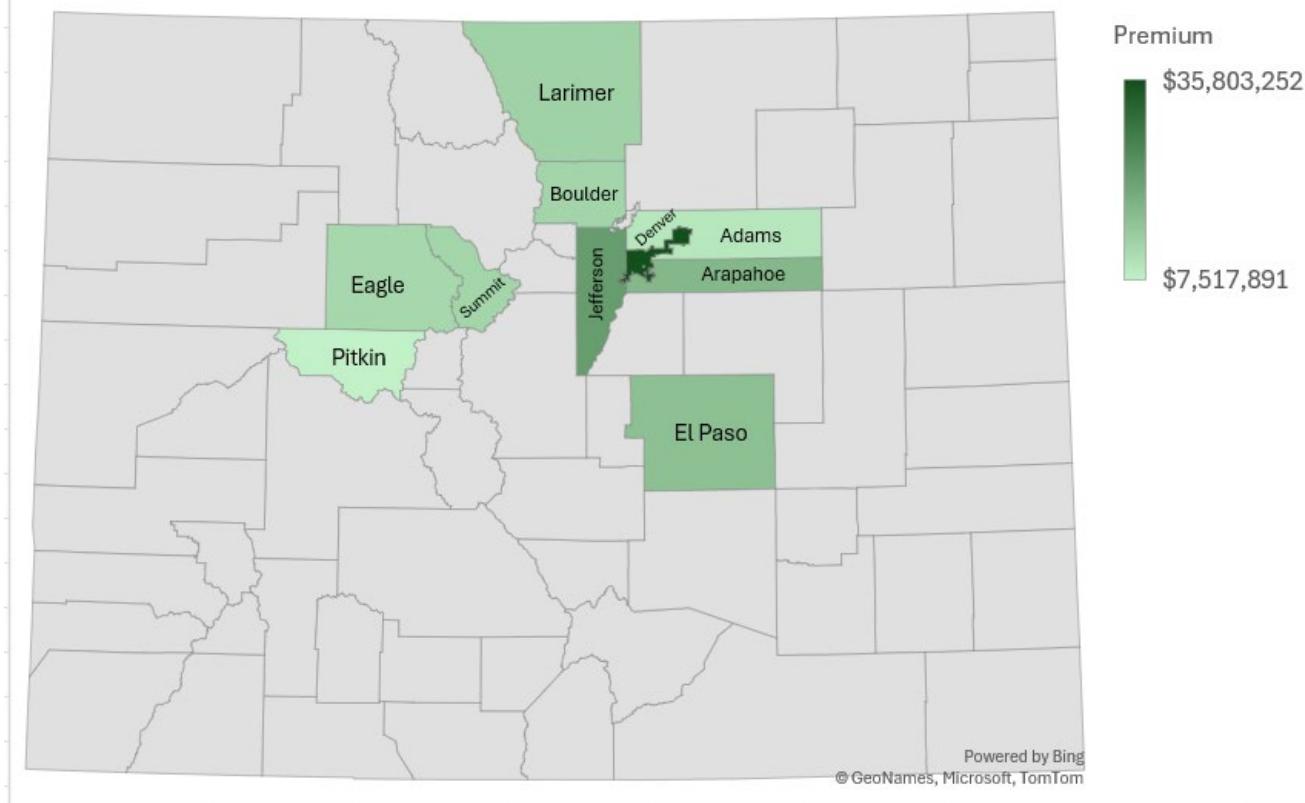
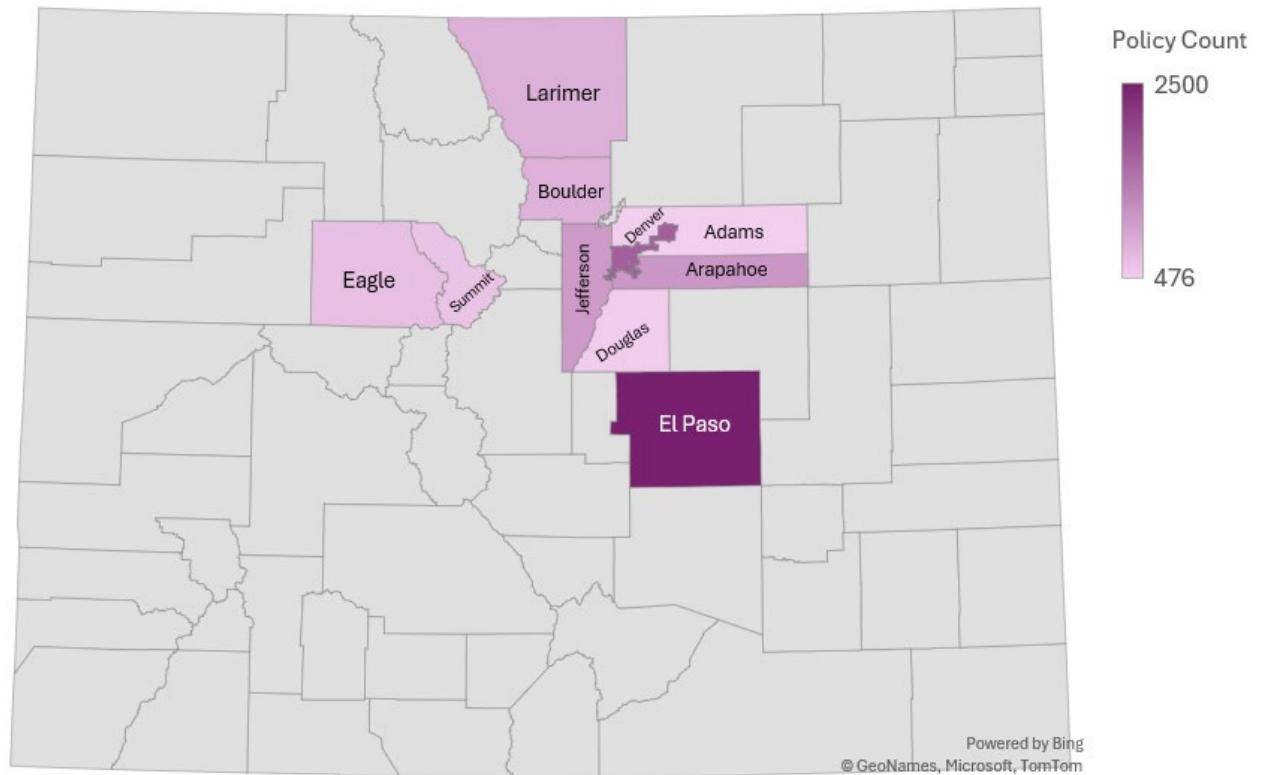


Table - Top 10 Counties: By In Force Policy Count (HOA Facility)

County	In Force Policy Count - 1/1/2020	In Force Policy Count - 12/31/2024	% Change
El Paso County, Colorado	1374	2500	82%
Denver	1479	1772	20%
Arapahoe County, Colorado	717	1115	56%
Jefferson County, Colorado	920	1079	17%
Larimer County, Colorado	695	824	19%
Boulder County, Colorado	715	811	13%
Eagle County, Colorado	585	644	10%
Summit County, Colorado	537	607	13%
Douglas County, Colorado	345	499	45%
Adams County, Colorado	402	476	18%

Out of Total Count	76%
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Top 10 Counties by In Force Policy Count - 12/31/2024



3. Wildland-Urban Interface (WUI)⁵⁸ Counties: Boulder, Larimer

Boulder and Larimer counties sit at the edge of urban development and natural hazard zones.

- Larimer County carries an in-force premium of approximately \$12.5 million, while Boulder County accounts for around \$12.5 million, highlighting the significant insured value in these high-risk areas.
- Rapid suburban growth, combined with wildfire exposure and diverse community needs, has pushed insurance costs higher, especially for HOAs near wooded or mountainous regions.
- These counties combine dense WUI development with recent catastrophic wildfire losses, creating outsized insurance impacts. The 2021 Marshall Fire in Boulder County caused over \$2 billion in insured losses, while the 2020 Cameron Peak Fire in Larimer County burned 193,000 acres, the largest in state history. The effects of these events are far greater than those seen in other foothill or mountain counties. By contrast, counties like Jefferson, El Paso, or resort areas such as Summit and Eagle have significant WUI acreage but lower housing density or fewer billion-dollar fire events, making their insurance market impact less severe.

⁵⁸ The **wildland-urban interface (WUI)** is “the area where structures and other human developments meet or intermingle with wildland vegetation” (Colorado State Forest Service, n.d.). Source: Colorado State Forest Service. (n.d.). Colorado’s wildland-urban interface. Colorado State University. <https://csfs.colostate.edu/wildfire-mitigation/colorados-wildland-urban-interface/>

By ZIP Code Analysis

A granular analysis of Colorado's HOA insurance market from 2020 to 2024 reveals significant concentration of premium growth and policy expansion within specific ZIP codes. These localized trends mirror broader county-level patterns but offer sharper insight into pockets of elevated risk and insurer activity.

The top 10 ZIP codes account for 24.8% of total in-force premium and 20.5% of active policies statewide by 2024, up from 20% and 18.5% respectively in 2020. This growth highlights how a small number of ZIP codes are driving both market opportunity and exposure.

- Urban ZIP codes in Denver have become major premium hotspots, with 80238 leading the state in concentration. Premiums in ZIP codes like 80238 and 80231 have surged by more than 300%, driven by rapid urban growth, high-value housing, inflation in rebuilding costs, and frequent hailstorm losses.
- What makes 80238 exceptional is its dramatic jump in in-force premium from \$2.7 million in 2020 to \$12.1 million in 2024 - making it the most premium-concentrated HOAs ZIP in Colorado. Although its policy count grew by only 16%, the premiums skyrocketed. This could be due to repeated hailstorms causing costly damage and rebuilding homes has become far more expensive due to rising material and labor costs. So even without a huge increase in policyholders, premiums have jumped sharply to cover these higher risks and repair costs. Also, ZIP codes adjacent to 80238 are not immune to these dynamics. Areas such as 80247, 80012, 80230, and 80231 share proximity to 80238, exposing them to comparable severe weather patterns and rising reconstruction costs. This can lead to correlated premium increases and heightened underwriting scrutiny. Collectively, these adjacent ZIP codes represent an in-force premium of approximately \$8 million, creating localized pockets of high-risk concentration across the broader Denver–Aurora metro area. This clustering effect influences insurer strategies on pricing, deductibles, and coverage terms, amplifying the regional impact of catastrophic risk.
- Newer residential and emerging suburban ZIPs like 80921(El Paso – North Colorado Springs) stand out with most dramatic policy count increase—552% (from 29 to 189)—highlighting rapid development and expanding HOA communities. Although the number of policies has grown quickly, the rise in premiums has been more modest. This suggests that insurers see these new neighborhoods as lower-risk and are pricing coverage accordingly.

- Mountain and resort areas like Breckenridge (ZIP 80424) and Steamboat Springs (ZIP 80487) have seen insurance premiums rise by 133% to 205%, and with modest policy count increase. These places are more expensive to insure because they have a higher risk of wildfires, lots of luxury homes, and rebuilding there is more complicated and costly.
- Eagle County ZIPs — 81620 (Avon) and 81657 (Vail) showed premium growth above 80%, with modest policy increases. High insured values and seasonal occupancy contribute to volatility and insurer caution.
- Other ZIPs such as 80930 (El Paso) and 80435 (Summit) also showed notable increases in both premiums and policies, tied to neighborhood growth and intensifying wildfire risk.

Table - Top 10 Zip Code- By In force Premium

ZIP Code	County	Total In Force Premium - 1/1/2020	Total In Force Premium - 12/31/2024
80238	Denver	\$ 2,726,433	\$ 12,116,362
81611	Pitkin County, Colorado	\$ 2,835,986	\$ 4,723,402
80424	Summit County, Colorado	\$ 1,903,847	\$ 4,433,484
81620	Eagle County, Colorado	\$ 1,665,574	\$ 4,364,803
81657	Eagle County, Colorado	\$ 2,337,906	\$ 4,241,098
80231	Denver	\$ 899,846	\$ 3,949,879
80487	Routt County, Colorado	\$ 1,267,958	\$ 3,863,004
80435	Summit County, Colorado	\$ 1,645,119	\$ 3,626,527
80014	Arapahoe County, Colorado	\$ 2,077,181	\$ 3,214,255
80525	Larimer County, Colorado	\$ 1,641,701	\$ 2,989,051

Blue highlighted ZIP codes appear in the Top 10 lists for both Policy Counts and In-Force Premium.

Top 10 - Premium	\$ 19,001,552	\$ 47,521,864
Total Premium	\$ 95,212,238	\$ 191,785,759
% of Total	20.0%	24.8%

Top 10 Zip Code- By In force Premium

In Force Premium - 12/31/2024



\$2,989,051 \$12,116,362



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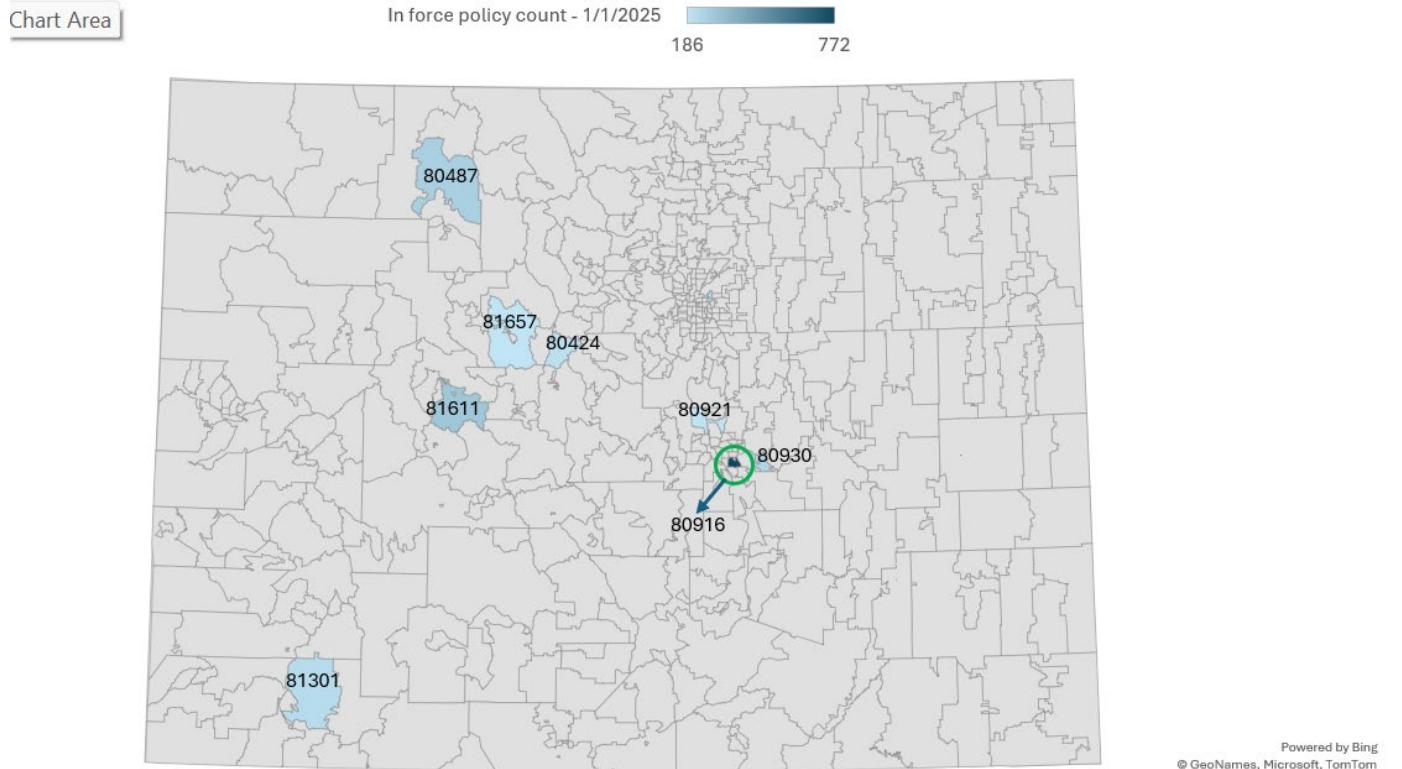
Table - Top 10 Zip Code- By In Force Policy Count

ZIP Code	County	In Force Policy Count - 1/1/2020	In Force Policy Count - 1/1/2025
80916	El Paso County, Colorado	508	772
81611	Pitkin County, Colorado	303	296
80487	Routt County, Colorado	144	263
80930	El Paso County, Colorado	123	245
81301	La Plata County, Colorado	116	219
80238	Denver	187	216
80424	Summit County, Colorado	180	204
80921	El Paso County, Colorado	29	189
81620	Eagle County, Colorado	176	187
81657	Eagle County, Colorado	173	186

Blue highlighted ZIP codes appear in the Top 10 lists for both Policy Counts and In-Force Premium.

Top 10 Count	1,939	2,777
Total Count	10,464	13,557
% of Total	18.5%	20.5%

Top 10 Zip Code- By Policy Count



In high-risk ZIP codes, premium growth continues to outpace the increase in policy counts, driven by rising hazard-related costs and inflation. Urban areas are primarily affected by hail events and the concentration of exposures in dense neighborhoods (which is a concern for insurers because an unusually high number of claims can occur from a single event such as fire, hail, or tornado), while resort and mountain communities face elevated wildfire risk and carry higher insured property values. These factors contribute to greater volatility and more cautious pricing strategies by insurers.

TIV Shifts

At the ZIP code level, Colorado HOA insurance trends show not just dramatic premium and policy count growth, but also major shifts in Total Insured Value (TIV), reflecting both rising property values and expanded coverage.

Table - Top 10 Zip Code- TIV Change

ZIP Code	County	Max TIV - 2020	Max TIV - 2024	% TIV Change
80237	Denver	485,779,161	46,958,044,225	9567%
80129	Douglas County, Colorado	115,000,000	10,019,677,423	8613%
80202	Denver	1,597,548,162	2,915,274,447	82%
81620	Eagle County, Colorado	391,653,734	2,075,684,682	430%
80205	Denver	1,163,907,283	1,817,326,079	56%
80209	Denver	553,825,058	1,568,323,582	183%
80125	Douglas County, Colorado	35,000,000	1,302,596,000	3622%
81611	Pitkin County, Colorado	1,390,744,752	1,271,973,850	-9%
81657	Eagle County, Colorado	831,704,857	1,270,493,415	53%
80211	Denver	454,158,552	1,172,005,805	158%

Several Denver ZIP codes stand out for extreme TIV growth. For example, 80237 in Denver County saw its TIV surge by 9567%, 80129 in Douglas County increased by 8613% and 80125 in Douglas County increased by 3622%. These spikes often result from substantial new real estate developments and rapid asset appreciation, paired with more HOAs and high-value projects being added to the insurance pool. The zones with these jumps are likely experiencing large-scale urban expansion or significant upgrades to existing housing stock.

ZIP codes like 81620 (Eagle County) and 80202 (Denver) have seen TIV increases ranging from 82% to 430%, largely driven by luxury home construction, rising replacement costs due to inflation, and the development of high-value properties in resort and urban areas.

Most ZIP codes that led in TIV growth also show parallel premium escalation and policy expansion, revealing a close link between asset accumulation and insurance market dynamics. However, not all ZIPs grew; for instance, 81657 in Eagle County saw a modest gain (53%) while 81611 in Pitkin County declined by 9%, signaling possible shifts in risk appetite, market exits, or high claims/loss experience affecting insurer willingness to cover more value.

Beyond Rate Change: Structural Drivers of Colorado's HOA Market

While rate changes contributed to premium growth in Colorado's HOA market, it was not the only driver. Between 2020 and 2024, premium volume increased by 115%, yet around 90% of insurers reported (on average) either a rate decrease or a rate increase of less than 50% annually as observed in the results of data calls. This indicates that other structural and market forces played a significant role alongside rate adjustments.

Key influencing factors include:

- Exposure Expansion: In-force policy count rose by 30%, and TIV surged by 135%, driven by inflation in construction and building material, valuation updates, and new construction activity.
- Premium per TIV Shift: Average premium per \$1,000 of TIV increased by 44% which indicates that insurers are charging more per unit of coverage than before. This shift reflects rising rebuilding costs due to inflation, the construction of higher-value properties, and evolving risk conditions. In essence, the cost of insuring each dollar of property value has grown because the risks and expenses insurers must account for have increased.
- Capacity Changes: Entry of 11 new insurers and re-entry of 3 carriers introduced additional capacity and competitive dynamics, even as catastrophe exposure (wildfire, hail) continued to shape appetite.
- Retention and Active Book Growth: In-force premium grew by 101%, underscoring strong retention and cumulative exposure effects.

5.2 Lodging Facility

Written Premium

From 2020 to 2024, Colorado's lodging insurance market saw an unusual shift: written premiums dropped by roughly 4.4% from \$131.4 million to \$125.7 million, while in-force policy counts surged by 27%.

For lodging facilities, coverage extends beyond property damage to include business interruption protection. This ensures that when operations are halted due to a covered loss such as fire, storm, or structural failure, the policy can compensate for lost income and ongoing expenses. Business interruption coverage is critical for hospitality properties, as downtime directly impacts revenue and guest commitments, making it a key component alongside physical damage protection.

However, the overall lodging insurance market has faced significant disruption due to the exit of two major competitors, and the raw statistic above does not paint the complete picture. One carrier experienced a 58% decline in written premium, dropping from \$45 million in 2020 to \$19 million in 2024. Another carrier, exited the market entirely, falling from approx. \$36 million in 2020 to \$0 by 2024. Together, these two carriers accounted for roughly 62% of the lodging insurance market in 2020, but by 2024, their combined share had dropped to just 15%.

When these two carriers are excluded from the analysis, the remaining lodging insurance market tells a very different story—written premiums rose by approximately 111%, increasing from \$50.5 million in 2020 to \$106.6 million in 2024. This adjusted view underscores the significant expansion among remaining carriers despite overall market contraction, highlighting intensified exposure concentration and competitive realignments.

Combined with the downsizing/exit of major competitors, this trend reflects a shrinking risk appetite and heightened caution, largely driven by wildfire and hail exposures - factors insurers consistently rank as the most critical influences on pricing and capacity in the lodging segment.

Notably, the top five insurers strengthened their market position, expanding their combined share of written premiums from 50% to 59%. This consolidation underscores the growing influence of a few dominant carriers, making overall market pricing highly sensitive to their

strategic decisions. Such concentration also amplifies systemic risk should any major player significantly adjust underwriting guidelines or withdraw from the market.

Table - Lodging Facility: Top 5 Companies by Written Premium

Company	WP - 2020	WP - 2024	% Change	In Force PC - 1/1/2020	In Force PC - 1/1/2025	% Change
Company G	\$ 18,368,712	\$ 39,120,472	113%	114	144	26%
Company H	\$ 44,984,206	\$ 19,105,878	-58%	40	335	738%
Company I	\$ 1,447,621	\$ 6,710,821	364%	30	52	73%
Company J	\$ 314,599	\$ 4,824,345	1433%	N/A	N/A	N/A
Company K	\$ 991,505	\$ 4,008,678	304%	252	420	67%
Grand Total	\$ 66,106,643	\$ 73,770,194	12%	436	951	118%

Atypical Changes in Written Premiums

Recent data from Colorado's lodging insurance market shows an unusual pattern: among the top four written premium percentage change categories, three indicate increases while one shows a decrease. Typically, we expect most insurers to report moderate changes, but this deviation highlights relatively dramatic shifts rather than the expected moderate increases. Some carriers could be implementing sharp rate hikes to offset growing catastrophe exposure and reinsurance costs, while others might be holding steady or even reducing premiums to capture targeted segments or maintain competitiveness. This uneven movement may signal carriers adjusting strategies in a challenging market, alongside pricing changes. Overall, this suggests a polarized market response to rising risks from wildfires, hail, and other catastrophes.

Table - Written Premium % Change Counts - 1/1/ 2020 - 12/31/2024 (Lodging Facility)

Written Premium % Change	Count
A. More than 100% increase	46
B. More than 50% increase	12
C: More than a 20% increase	12
D:10% - 20% increase	3
E:Less than 10% increase or decrease	7
F:10% - 20% decrease	1
G:More than 20% decrease	35
Grand Total	116⁵⁹

Carrier Withdrawals and Market Concentration

The lodging insurance market has undergone a dramatic shift in carrier participation. As shown in the table below, six carriers that collectively represented approximately 68% of the total market in 2020 have seen their combined share shrink to just 16% in 2024. In dollar terms, this reflects a decline from \$89 million to \$20.5 million—a 77% reduction.

The table below illustrates these significant shifts in carrier participation between 2020 and 2024.

Table - Lodging Facility : Top Companies with declining premium share

Company	WP - 2020	WP - 2024	% Change
Company L	\$ 44,984,206	\$ 19,105,878	-58%
Company M	\$ 35,873,468	\$ -	-100%
Company N	\$ 4,227,447	\$ 422,304	-90%
Company O	\$ 2,044,803	\$ 33,954	-98%
Company P	\$ 1,938,160	\$ 1,006,781	-48%
Company Q	\$ 1,272,979	\$ 50,334	-96%
Grand Total	\$ 89,068,084	\$ 20,568,917	-77%

⁵⁹ Of the 150 data calls, valid responses were received from 116 insurers for this question.

Despite a 58% decline, one carrier still holds a significant presence in the lodging market, maintaining approximately \$19 million in premium.

After excluding the top two carriers, the revised list of the top five companies in the lodging market is as follows:

Table - Lodging Facility : Top 5 Companies (Excluding top 2 carriers)

Company	WP - 2020	WP - 2024	% Change
Company R	\$ 18,368,712	\$ 39,120,472	113%
Company S	\$ 1,447,621	\$ 6,710,821	364%
Company T	\$ 314,599	\$ 4,824,345	1433%
Company U	\$ 991,505	\$ 4,008,678	304%
Company V	\$ 290,044	\$ 3,963,724	1267%
Grand Total	\$ 21,412,481	\$ 58,628,040	174%

From the table above, we can observe a sharp increase in premiums for the listed competitors in the lodging segment.

In Force Policy Counts

Despite a decline in overall written premium, Colorado's lodging insurance market has seen a notable 27% increase in in-force policy counts—from 3,366 to 4,262. This growth reflects rising demand and strategic underwriting by several leading insurers, who have expanded their market share. Meanwhile, others have pulled back or left the market, often because of rising losses from catastrophic events and more restrictive eligibility criteria based on property condition, location and the other criteria discussed previously.

As shown in the table below, the top five insurers in 2025 now account for approximately 44% of all in-force lodging policies. This growing concentration raises concerns about systemic sensitivity⁶⁰; any strategic shifts by these dominant players could significantly affect coverage availability and pricing across the state.

⁶⁰ **Systemic sensitivity** refers to the degree to which an entire system, such as a lodging market or an insurance portfolio, is vulnerable to widespread disruptions caused by interconnected risks.

Table - Lodging Facility : Top 5 Companies by In Force Policy Counts

Company	total in force PC - 1/1/2020	total in force PC - 1/1/2025	% Change
Company AA	252	420	67%
Company BB	236	413	75%
Company CC	380	404	6%
Company DD	40	335	738%
Company EE	133	306	130%
Grand Total	1041	1878	80%

While overall policy counts in Colorado's lodging insurance market have grown, not all insurers have followed this upward trend. As shown in the table below, the top five companies with declining market share have cumulatively reduced their in-force policy counts from 600 in 2020 to just 100 in 2024, driving their combined share down from 18% to only 2%. In some cases, carriers have fully exited these segments. The data calls do not address the reasons behind this, but we believe the withdrawals could be due to the following factors:

1. Catastrophe Risk: Increased frequency and severity of wildfires, hailstorms, and floods could make lodging properties harder to insure profitably.
2. Cost Pressures: Rising construction and labor costs could make claims more expensive, reducing insurer appetite for high-risk properties.
3. Profitability Challenges: Persistent underwriting losses in catastrophe-prone areas could push insurers to focus on safer markets.
4. Risk Concentration: Lodging properties often represent large, concentrated risks, which could make them less attractive compared to diversified portfolios.
5. Strategic Shift Due to Volatility: With Colorado's lodging market becoming increasingly volatile, some insurers could be redirecting their capital toward more stable lines of business or regions to reduce risk and maintain overall financial stability.

Table - Lodging Facility : Top 5 Companies with declining market share

Company	Total in force PC - 1/1/2020	Total in force PC - 1/1/2025	% Change
Company FF	130	6	-95%
Company GG	128	43	-66%
Company HH	123	0	-100%
Company II	123	39	-68%
Company JJ	96	12	-88%
Grand Total	600	100	-83%

An observed shift in the Colorado lodging insurance market is the complete exit of several carriers. While their share was modest, these companies were active in 2020 and now report zero in-force lodging policies, signaling a full withdrawal from the segment.

Such exits contribute to the overall decline in written premium and reduce market capacity, potentially impacting coverage availability and pricing stability. The departure of these players underscores the importance of monitoring insurer participation and preparing for potential shifts in market dynamics.

Catastrophic Events as Core Drivers of Market Strain

Insurers have consistently ranked risk appetite as the top factor influencing the availability of lodging insurance in Colorado. This reflects a growing caution in underwriting decisions, especially in the face of intensifying catastrophic events such as hailstorms and wildfires, which were ranked second and third respectively, as shown below:

Table - Factors impacting availability of Lodging Facility insurance

Factor	Rank
Risk Appetite	1
Hail	2
Wildfires	3
TIV risk concentration	4
Windstorm	5
Liability/Social inflation	6
Reinsurance	7
Other	8

Additional concerns included freeze events, water damage and inflationary pressures like rising costs of building materials and labor amplifying claim severity and replacement costs. These intensified natural hazards have forced insurers to adopt more stringent underwriting standards and seek higher premiums to maintain stability and profitability.

Risk Appetite

The Colorado lodging insurance market is undergoing a structural shift in underwriting behavior, driven by reduced risk tolerance and profitability concerns. Approximately 38% of carriers—specifically 45 out of 119 insurers—reported a reduction in their risk tolerance. In contrast, 67 insurers have indicated no change in their risk appetite.

Table- Risk Tolerance Change (Lodging Facility)

Risk Tolerance	Count
A:Increased Risk Tolerance	7
B:Decrease Risk Tolerance	45
C:No Change	67
Grand Total	119⁶¹

Catastrophic events, particularly hail and wildfires, have amplified loss volatility and reconstruction costs, prompting insurers to prioritize margin preservation over growth. As a result, underwriting capacity is increasingly favoring lower-risk, well-maintained lodging properties, while higher-risk segments face reduced availability and elevated pricing.

Factors impacting eligibility in Lodging Facility

Eligibility for lodging facility insurance in Colorado is shaped by a combination of property-specific and underwriting-driven criteria. Based on market insights, the top three factors impacting eligibility are:

1. Condition of the Property
2. Prior Loss History
3. Location (i.e., regions prone to wildfire, hail, and other catastrophic events)

⁶¹ Of the 150 data calls, valid responses were received from 119 insurers for this question.

Table- Factors impacting the eligibility of Lodging facility

Factor	Rank
Condition of Property (Not including Roof)	1
Prior Loss History	2
Location	3
Age of Property	4
Roof	5
Over TIV	6
Occupancy Type	7
Number of Buildings	8
Other	9

These factors reflect insurers' focus on physical risk characteristics and historical performance. Properties with poor maintenance, a history of claims, or exposure to high-risk geographic zones—particularly wildfire-prone or hail-affected areas—face increased scrutiny and potential coverage limitations.

In addition to these primary factors, several insurers cited "Other" considerations that influence eligibility decisions. These include:

- Whether necessary repairs have been fully completed
- Minimum Deductible
- The type of construction, with distinctions made between wood frame, masonry, and fire-resistive structures.

These nuanced criteria highlight a growing emphasis on risk selection discipline in the lodging segment.

The condition of the property and roof has emerged as a critical determinant of eligibility for lodging facilities in Colorado, particularly in hail-prone regions. Factors such as roof age, material type, and impact resistance directly influence expected loss frequency and severity, making them central to underwriting decisions.

Total Insured Value (TIV) Changes

Colorado's Lodging market continues to exhibit sharp volatility in TIV. Forty-four insurers reported TIV increases exceeding 75%, driven primarily by inflationary pressures on reconstruction costs and rising property valuations. In contrast, 33 insurers recorded decreases greater than 21%, signaling strategic exposure reductions or withdrawal from high-risk

segments. This divergence underscores two competing forces shaping insurer behavior— inflationary cost escalation and loss experience management - alongside stricter underwriting focused on property condition, maintenance, and geographic risk. The result is a highly dynamic market environment.

Reinsurance Challenges

Most Colorado lodging insurers report no issues with reinsurance. Out of 116 insurers reported, 94 (i.e., 81%) said they had faced no challenges with obtaining reinsurance, while only 13 (i.e., 11%) faced challenges over the past three-year period. Those experiencing challenges identified the following factors as contributing to their difficulties in acquiring reinsurance:

Table - Among insurers facing challenges in acquiring reinsurance for Lodging facilities, the critical factors driving these challenges are:

Factor	Rank
Cost	1
Limits on Reinsurance	2
Attachment Point	3
% Paid after Attachment Point	4
Other	5

Cost of reinsurance is the most critical barrier, driven by rising premiums that make coverage increasingly unaffordable. Reinsurance costs have surged, influenced by rising interest rates and increased catastrophe exposure, which have amplified reinsurers' risk perception and contributed to pricing volatility. Limits on reinsurance rank second, reflecting capacity constraints that restrict protection. Attachment points follow, as higher thresholds increase financial exposure for primary insurers. Recovery terms, such as percentage paid after attachment, and other factors are less impactful but still influence risk management.

While reinsurance pressures are currently limited, concentrated growth among a few carriers and increasing catastrophe frequency could introduce systemic risk and strain future capacity. Actuarial monitoring of reinsurance dynamics remains critical to anticipate shifts and maintain market stability.

Captives

The data call indicates that only one lodging facility captive is currently operating in Colorado. This minimal adoption highlights both a significant opportunity and a challenge for lodging operators. While captives can be an effective strategy for managing escalating risks from wildfires, hail, and other severe weather events, limited uptake suggests barriers such as regulatory complexity, capital requirements, and lack of awareness may be preventing broader adoption.

Geographic Concentrations

Between 2020 and 2024, Colorado's top counties saw lodging insurance premiums rise by up to 298%, with policy counts growing 86%, driven by catastrophe exposure, housing growth, and inflation. ZIP code-level trends were even sharper, with in force premiums up over 700% and in force policy counts surging 233%, signaling localized risk concentration and insurer response.

By County Analysis

A county-level analysis of lodging insurance activity in Colorado offers valuable insight into local market dynamics—such as premium trends in resort hotels, short-term rentals, mountain lodges and others. These insights help insurers, property owners, and regulators manage risk, set appropriate pricing, and maintain long-term market stability.

Colorado's lodging insurance portfolio is heavily concentrated in Denver, which holds the highest policy count statewide and accounts for over \$52 million in in-force premium. This concentration means that a single hail or wildfire event in the metro area can materially influence indicated rates across the state for hotels and short-stay accommodations. Denver's dominance is part of a top 10 county cohort that collectively represents nearly 80% of the state's lodging premium, underscoring how urban and resort aggregation shapes pricing, deductible structures, and business interruption terms across carriers.

However, not all counties have followed the same trajectory. Arapahoe County, once a major player in the lodging insurance market, has experienced a dramatic decline—losing more than 90% of its in-force premium, dropping from \$46.87 million in 2020 to just \$4.5 million in 2024. This contraction is closely tied to the exit or scaling back of a few insurance carriers, reflecting a broader trend of reduced risk appetite in areas perceived as increasingly volatile or unprofitable.

Urban lodging hubs (Denver, Arapahoe, Adams, plains side Jefferson)

- These areas have the highest concentration of hotel insurance risk in the state. Denver alone has about \$52.23 million in active insurance policies and the most hotel policies overall. This is mainly due to the presence of high-rise hotels with complex mechanical, electrical, and plumbing systems. These buildings are more vulnerable to damage from frequent hailstorms, especially to roofs, facades, and rooftop equipment. As a result, insurance costs—like rates, deductibles, and business interruption coverage—are higher for each property.
- Arapahoe and Adams show strong premium and policy volumes, driven by suburban and airport-area hotels. The eastern plains side of Jefferson County adds midscale hotels that are frequently hit by convective storms—hail, wind, and heavy rain. Because these storms happen often in that area, they lead to repeated damage and insurance claims, increasing the overall risk and cost of insuring these properties.
- Urban growth and development intensify loss potential and capacity pressure for commercial insureds broadly, with reports noting rising property insurance costs tied to repeated hail/wind events and carrier retrenchment that flow through to hospitality placements in metro areas.

Front Range frequency corridor (Larimer, El Paso, corridor side of Jefferson)

- These counties exhibit elevated policy counts with more small to mid-scale hotels and motels serving universities, military, and interstate travel, which makes results sensitive to attritional hail and wind claims hitting many roofs and HVAC (Heating, Ventilation, and Air Conditioning) units in a single storm, creating portfolio level volatility

Mountain and resort lodging (Summit, Grand, Montrose)

- These resort counties have relatively fewer hotel policies but higher premiums per property. This is driven by alpine construction costs, seasonal revenue concentration, and extended repair timelines due to remote locations and weather constraints. Summit County, for example, ranks in the top ten for premium despite a lower policy count, reflecting the high severity risk associated with ski-area hotels and condo-style lodging used for tourism.

Table - Top 10 Counties: By In Force Premium (Lodging Facility)

County	In force Premium - 1/1/2020	In Force Premium - 12/31/2024	% Change
Denver	\$ 24,255,521	\$ 52,234,177	115%
El Paso County, Colorado	\$ 1,846,232	\$ 7,348,281	298%
Boulder County, Colorado	\$ 2,553,844	\$ 5,928,087	132%
Jefferson County, Colorado	\$ 2,209,564	\$ 5,824,675	164%
Arapahoe County, Colorado	\$ 46,875,973	\$ 4,545,360	-90%
Larimer County, Colorado	\$ 1,635,913	\$ 3,436,011	110%
Las Animas County, Colorado	\$ 1,696,785	\$ 2,679,037	58%
Adams County, Colorado	\$ 675,501	\$ 2,537,195	276%
Montrose County, Colorado	\$ 929,197	\$ 2,368,174	155%
Summit County, Colorado	\$ 662,832	\$ 1,756,757	165%

Out of Total State Premium

80%

Top 10 Counties by In Force Premium - 12/31/2024

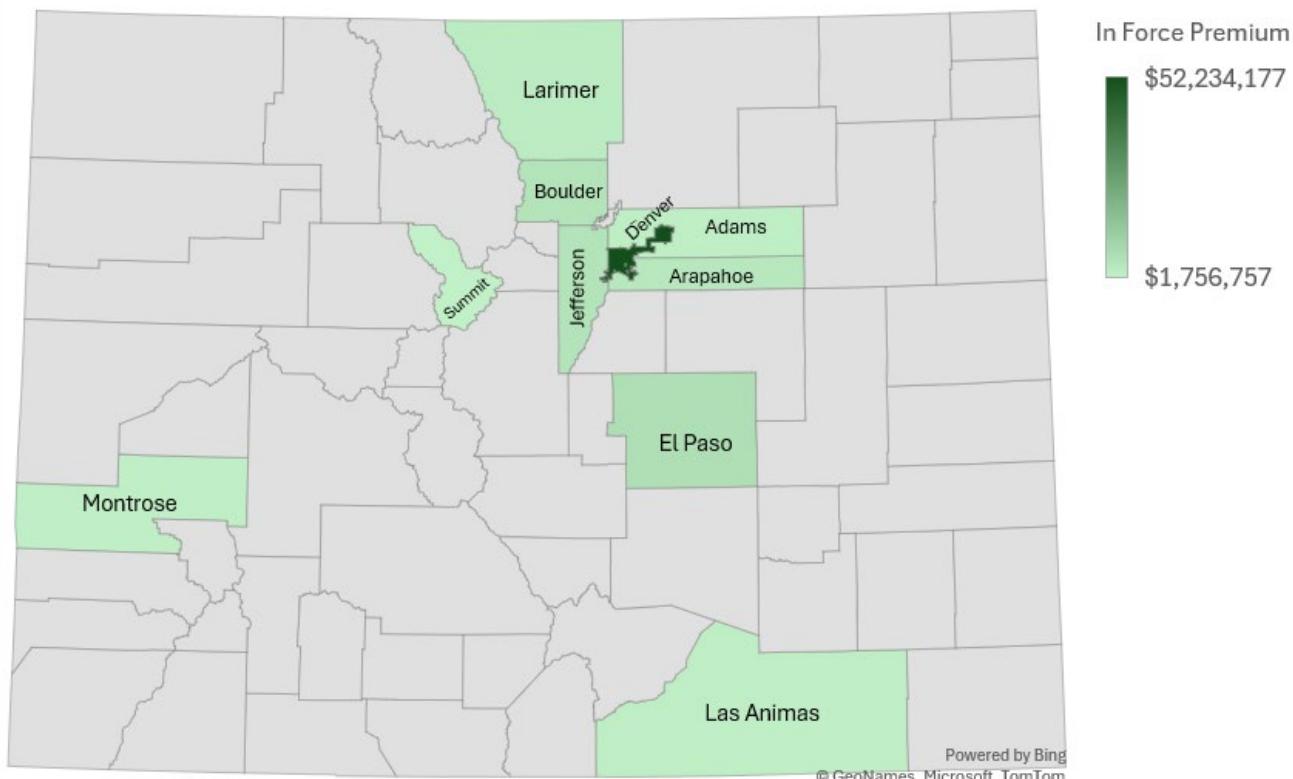
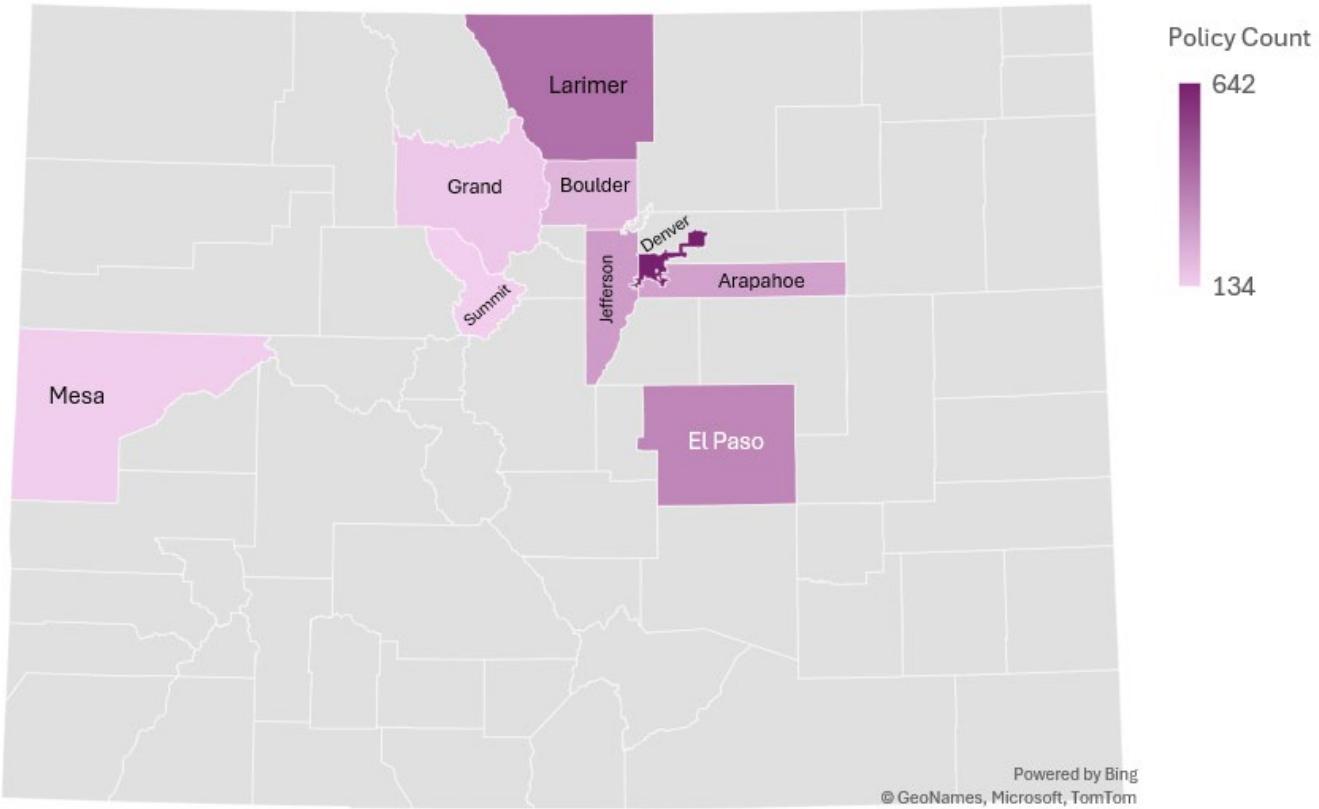


Table - Top 10 Counties: By In Force Policy Count (Lodging Facility)

County	In Force PC - 1/1/2020	In Force PC - 12/31/2024	% Change
Denver	537	642	20%
Larimer County, Colorado	317	409	29%
El Paso County, Colorado	213	347	63%
Jefferson County, Colorado	292	281	-4%
Arapahoe County, Colorado	200	268	34%
Boulder County, Colorado	145	207	43%
Grand County, Colorado	127	155	22%
Mesa County, Colorado	110	137	25%
Summit County, Colorado	72	134	86%
Weld County, Colorado	74	106	43%

Out of Total Count	63%
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Top 10 Counties by In Force Policy Count - 12/31/2024



Rural transit and peripheral lodging (Las Animas, Mesa, Weld)

- Las Animas stands out by ranking among the top ten for premium despite not being in the top tier for policy count. This signals a concentration of higher-rated risks along key transit corridors. Factors such as extended emergency response times, aging building stock, and limited contractor availability drive elevated rates, minimum premium requirements, and stricter coverage terms.
- In contrast, Mesa and Weld show meaningful policy presence—approximately 137 and 106 policies respectively—but with lower aggregate premium. These areas primarily support midscale lodging tied to regional travel and industry.

By ZIP Code Analysis

A detailed review of Colorado's lodging insurance market shows that lodging exposure in Colorado is heavily concentrated in a small set of ZIP codes anchored by Denver, major travel corridors and resort corridors. The top 10 ZIPs account for roughly 20% of statewide lodging in force policies but over 50% of total in force premium, highlighting a premium concentration in urban and resort hubs. This clustering makes the market highly sensitive to localized events, such as a Denver hail or mountain wildfire, that can trigger widespread losses and push statewide premiums higher.

Urban and Central Cluster (80237, 80202, 80205, 80203)

A handful of Denver ZIP codes—most notably 80237, with policy count rising from 216 to 256 and premium doubling from \$18.36M to \$37.68M—anchor the highest lodging exposure. These urban clusters show high hotel density, larger buildings, and more expensive business interruption coverage (due to higher cost of hotel rooms and high occupancy rates), all of which amplify loss severity when hailstorms impact the area or when urban property costs escalate.

Nearby ZIP codes 80202 and 80205 add to the concentration of lodging in downtown Denver. Premiums in these areas have grown faster than policy counts because rebuilding in urban areas is expensive and local building codes increase costs.

Table - Top 10 Zip Code- By In force Premium (Lodging Facility)

ZIP Code	County	Total In Force Premium - 1/1/2020	Total In Force Premium - 12/31/2024
80237	Denver	\$ 18,360,206	\$ 37,683,281
80202	Denver	\$ 1,148,231	\$ 3,832,347
81082	Las Animas County, Colorado	\$ 1,687,074	\$ 2,675,162
80304	Boulder County, Colorado	\$ 462,046	\$ 2,624,854
81401	Montrose County, Colorado	\$ 921,266	\$ 2,257,483
80302	Boulder County, Colorado	\$ 576,832	\$ 1,587,825
80916	El Paso County, Colorado	\$ 325,516	\$ 1,571,506
80205	Denver	\$ 182,608	\$ 1,508,705
81321	Montezuma County, Colorado	\$ 541,750	\$ 1,447,487
80011	Arapahoe County, Colorado	\$ 450,467	\$ 1,349,598

Blue highlighted ZIP codes appear in the Top 10 lists for both Policy Counts and In-Force Premium.

Top 10 - Premium	\$ 24,655,996	\$ 56,538,247
Total Premium	\$ 95,239,494	\$ 111,070,763
% of Total	25.9%	50.9%

Top 10 Zip Code- By In force Premium

In Force Premium - 12/31/2024 
 \$1,349,597.95 \$37,683,281.00

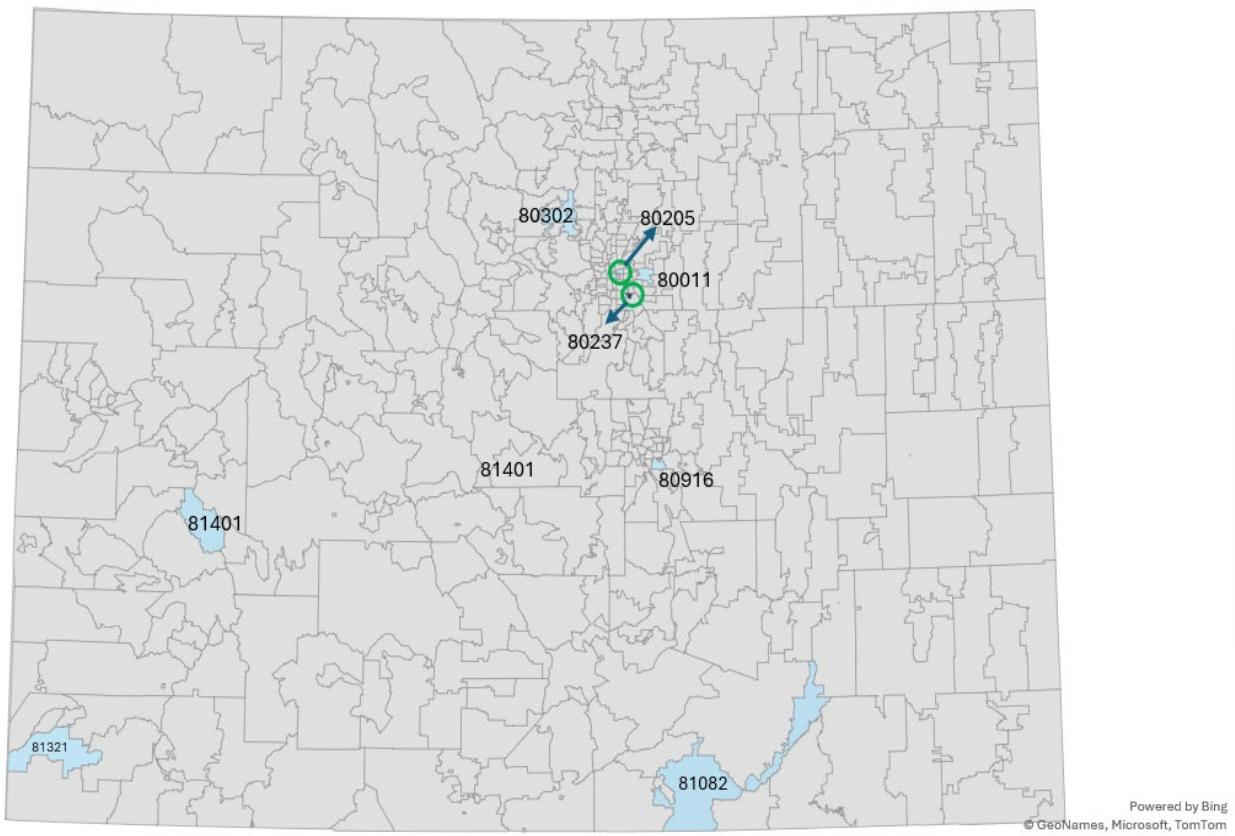


Table - Top 10 Zip Code- By In Force Policy Count (Lodging Facility)

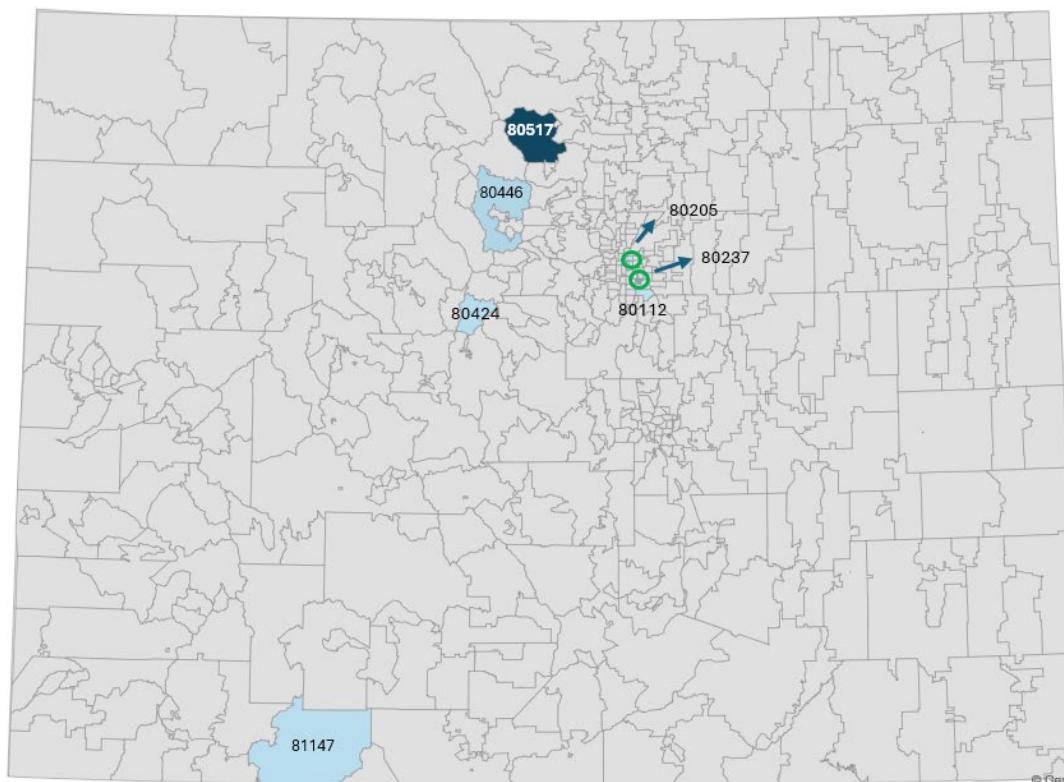
ZIP Code	County	In Force Policy Count - 1/1/2020	In Force Policy Count - 1/1/2025
80517	Larimer County, Colorado	216	256
80237	Denver	120	129
81301	La Plata County, Colorado	79	76
80446	Grand County, Colorado	59	68
80202	Denver	40	64
80424	Summit County, Colorado	35	57
81147	Archuleta County, Colorado	20	57
80112	Arapahoe County, Colorado	33	51
80205	Denver	15	50
80203	Denver	47	48

Blue highlighted ZIP codes appear in the Top 10 lists for both Policy Counts and In-Force Premium.

Top 10 Count	664	856
Total Count	3,360	4,262
% of Total	19.8%	20.1%

Top 10 Zip Code- By Policy Count

In force policy count - 1/1/2025

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Front Range Gateway Nodes (80517 Larimer; 80916 El Paso)

ZIP 80517 (Estes Park) holds the highest hotel policy count in Colorado, serving park visitors and gateway tourism. These properties face frequent hail and are especially vulnerable to smoke-related business interruption due to their proximity to wildfire-prone forests. Even without direct fire damage, smoke can infiltrate buildings, making them unsafe or unpleasant for guests. This often leads to temporary closures, cancellations, and lost revenue, which business interruption (BI) insurance ⁶² helps cover—contributing to higher premiums in the region. Meanwhile, ZIP 80916 in El Paso ranks among the top ZIPs by premium, supported by a broad base of hotels and recurring storm activity along major travel corridors, which drives up exposure and insurance costs.

Mountain & Resort ZIPs (80424 Summit; 81301 La Plata; 81321 Montezuma; 81401 Montrose)

Resort areas like ZIP 80424 in Summit County show moderate policy counts but very high premiums per policy due to costly alpine rebuilds and peak-season business interruption needs. ZIPs 81301, 81321, and 81401 also appear in top premium tiers, reflecting fewer but higher-value properties where contractor scarcity and seasonal revenue concentration push rates and BI limits upward.

Foothill Severity Zones (80302, 80304 Boulder)

Boulder ZIPs 80302 and 80304 rank high in premium despite modest policy counts. Premium growth here is driven by expensive construction costs and wildfire smoke risk near the wildland-urban interface, which can disrupt hotel operations even without direct fire damage.

Airport/Suburban Business ZIP (80011 Arapahoe)

ZIP 80011 ranks among Colorado's top ten ZIP codes by premium, driven by airport-adjacent hotels that face elevated risk. Despite a moderate policy count, pricing is pushed higher due to a combination of roof and mechanical system exposure and significant BI potential. These hotels rely on consistent guest traffic from nearby transit hubs, so any disruption—especially from hail

⁶² **Business interruption (BI) insurance**, also called **business income insurance**, helps small businesses protect against monetary losses due to periods of suspended operations when a covered event, such as a fire, occurs and causes physical property damage. The coverage allows businesses to pay fixed expenses, including costs incurred while operating at an offsite location, while the property is closed for repairs and restoration. Policies also reimburse owners for lost revenue that would have otherwise been earned if the business remained open. National Association of Insurance Commissioners. (n.d.). *Business interruption & businessowners policies (BOP)*.

<https://content.naic.org/cipr-topics/business-interruptionbusinessowners-policies-bop>



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or system failures—can lead to substantial revenue losses, making BI coverage a key factor in overall severity.

6. Qualitative Analysis

Colorado's insurance market for homeowners' associations (HOAs) and lodging properties is undergoing a profound transformation. Escalating climate risks, aging infrastructure, and a retreating carrier base have created a volatile environment where coverage is increasingly unaffordable, unavailable, or misunderstood. Stakeholder interviews and meetings reveal a landscape in flux.

The following analysis reflects qualitative insights shared by stakeholders who are generally involved and professionally engaged in the subject matter. These perspectives provide valuable context; however, they represent the views of the individuals consulted and have not been independently validated. Readers should interpret these statements as stakeholder opinions rather than definitive facts.

Climate Risk and Catastrophe Exposure

Wildfires, hailstorms, and wind events are becoming more frequent and severe across Colorado. HOAs are particularly exposed, with buildings often spaced less than 10 feet apart—making radiant heat and ember attacks especially damaging.

Hail risk is also substantial, especially for large “campus-style” HOA properties with expansive roof surfaces. These exposures multiply loss potential and drive-up deductibles, often up to 10%. Such deductibles are exceptionally high for HOAs and individual residents, placing a significant financial burden on them, many of whom may not be prepared for such large, unexpected expenses.

While wildfire modelling is improving, it still lacks granularity—particularly around community-level mitigation and structural vulnerability.

Insurers were unprepared for the scale of recent losses especially in areas east of the Rockies like Denver, leading to sharp rate hikes and reduced availability. As wildfire models improve and highlight mounting risks, carriers are actively pulling back from high-risk zones like the WUI and mountain communities.

Insurance Market Contraction

Major carriers have pulled back or exited the HOA and condo markets nationwide. In Colorado, this has left many associations with only one carrier option—or none at all. Rate adequacy is not being achieved, especially in the admitted market, forcing communities into surplus lines or shared/layered programs. However, few carriers have the capacity to write large properties, often exceeding \$50 million in TIV.

Reinsurance Pressures

Reinsurance costs have surged, driven by rising interest rates and increased catastrophe exposure. Traditional treaties are being replaced by quota share arrangements, and reinsurers are demanding higher premiums or withdrawing capacity. Splitting risk across multiple reinsurers introduces administrative complexity, further limiting availability. *[It is interesting to note that while several stakeholders brought up reinsurance cost as a concern during the interviews, the data calls did not point to reinsurance availability as a very significant concern.]*⁶³

⁶³ As an additional stakeholder providing a new data point, the Reinsurance Association of America (RAA) confirmed that “[r]einsurance availability in Colorado remains stable . . . and [m]ost lodging insurers and HOA carriers report minimal challenges.” RAA also supports the conclusion that “reinsurance capacity is appropriate and is also not a

HOA-Specific Vulnerabilities

HOAs face unique challenges that compound their risk profile. Many properties are over 40 years old, with aging HVAC and plumbing systems and deferred maintenance. Renewal quotes have increased up to 8 times, straining community budgets. HOA fees have risen to pay for the high insurance cost—often without transparency. Board members, often volunteers with full-time careers, lack the time and expertise to navigate complex insurance decisions and frequently rely on agents whose advice may be incomplete or inaccurate.

Mitigation and Building Standards

Mitigation presents both a challenge and an opportunity. Simple, low-cost actions—such as clearing vegetation, installing ember-resistant vents (\$30–\$40), and replacing flammable fencing—can significantly reduce wildfire risk. The “Base + Plus” building strategy promotes a layered approach to resilience. It encourages communities to start with foundational safety measures (“Base”) and incrementally adopt additional upgrades (“Plus”) that enhance structural resistance to hazards. This model not only supports cost-effective mitigation but also fosters community-wide uplift, where collective action can lead to improved underwriting outcomes and potentially more favorable insurance terms.

However, insurers remain cautious and report contractor behavior is a concern. They believe some push unnecessary repairs, while others could be leveraged to promote mitigation. Without clear incentives or premium relief, communities are hesitant to invest.

Data and Technology Innovations

Current catastrophe models overlook structural vulnerabilities and community mitigation efforts. As a result, mitigation investments rarely translate into premium discounts.

Education and Governance Gaps

Education is a recurring theme across stakeholder interviews. HOA board members often misunderstand coverage, leading to covenant violations and coverage gaps. Consumers expect insurance to behave like other products, resulting in unrealistic expectations. Insurance consultants—who sell advice rather than products—could fill a market need.

cost driver of residential property rates” (Reinsurance Association of America, 2025). Source: Reinsurance Association of America. (December 2025). Statement on Colorado reinsurance availability.

Webinars and DOI-led initiatives could improve understanding of mitigation strategies and policy structures. Without education, even well-intentioned communities struggle to make informed decisions.

Affordable Housing and Equity Impacts (*While this report focuses on HOA-related insurance dynamics, it's important to note that affordable housing development faces distinct challenges under multi-family insurance programs. HOA insurance issues primarily affect owner-occupied communities with shared property structures, whereas multi-family developments such as apartment complexes are subject to different underwriting criteria, risk profiles, and regulatory considerations. Understanding this distinction is critical because, although both segments experience premium pressure, the drivers and potential solutions differ significantly. For affordable housing, limited budgets and fixed funding streams make rising premiums particularly disruptive, often jeopardizing project feasibility and long-term affordability.*)

Insurance is now a barrier to affordable housing development. Premiums are skyrocketing for nonprofit and supportive housing providers, especially those serving vulnerable populations. Projects are being cancelled, and rent revenue is declining due to climate risk stigma. Federal budget cuts and lack of insurance incentives are compounding the issue.

HB25-1182 is a step toward transparency and resilience, but some stakeholders believe mandates for discounts must be clear and enforceable. Stakeholders also assert Public-Private partnerships and targeted grants are needed to ensure equitable access to mitigation and coverage.

HB25-1182 requires insurers using wildfire or catastrophe risk models to disclose how these models influence premiums, incorporate mitigation actions, and provide policyholders with clear notices about their risk scores and available discounts.

7. Future Outlook and Strategic Recommendations

Colorado's HOA and lodging insurance market is facing a challenge due to the increasing frequency and severity of wildfires, hailstorms, and other climate-related events. These challenges have led to reduced carrier participation, rising premiums, and coverage gaps. Addressing this issue requires a coordinated, multi-stakeholder approach involving regulators, insurers, brokers, HOAs, and lodging operators.

The recommendations in this section are informed by a comprehensive review of multiple sources, including data calls, Colorado-specific materials, industry insights and observations, stakeholder meetings, experiences from other states, established methodologies, and current market conditions. We also considered innovative and creative ideas, evaluating them for practicality, applicability, feasibility, and technological readiness. These perspectives provide valuable context; however, they represent informed opinions rather than independently validated facts. Readers should interpret these recommendations as strategic viewpoints intended to guide discussion, not definitive or guaranteed outcomes.

Integrated Policy and Regulatory Framework

The Colorado Division of Insurance (DOI) and the State Legislature have already taken an important step by implementing the FAIR Plan under HB23-1288, providing coverage for high-risk properties.

Transparency in risk modeling, as outlined in the legislative bill HB25-1182, which has been passed and is being implemented, plays a vital role in helping homeowners and HOAs understand their wildfire risk scores and navigate the appeals process when discrepancies arise.

One promising approach that was proposed to address Colorado's worsening HOA and lodging insurance challenges was the creation of public-private reinsurance pools under HB25-1302. However, this bill did not pass, and these mechanisms are not currently in effect. Such policies could improve affordability and coverage stability in the market and could be considered. This proposed legislation included two key mechanisms:

- Wildfire Catastrophe Reinsurance Enterprise – A state-backed reinsurance program designed to absorb a portion of the catastrophic wildfire losses, funded through insurer fees, catastrophe bonds, and grants. By acting as a financial backstop, such an enterprise would reduce volatility for primary carriers and encourage continued participation in high-risk markets.
- Strengthen Colorado Homes Enterprise – A complementary initiative funded by small premium-based fees to provide grants for resilience upgrades, such as hail-resistant roofing and wildfire mitigation measures.

By reducing risk through mitigation upgrades and spreading the remaining risk across a broader base and leveraging state support, these programs could help stabilize premiums, maintain coverage availability, and prevent market withdrawal.

To address the growing challenges faced by HOAs and lodging properties in securing affordable coverage, the Colorado DOI might consider preparing a county-level carrier participation dashboard. This initiative would provide stakeholders with clear, actionable insights into market dynamics and risk exposure.

The dashboard could include several key elements:

- Carrier Presence and Market Share – Identifying which insurers operate in each county and their relative footprint will help HOAs and lodging operators understand available options and foster competitive pricing.

- Coverage Availability and Gaps – Highlighting where homeowners and lodging insurance is offered, particularly in wildfire- and hail-prone areas, will reveal underserved regions and guide mitigation efforts.
- Premium Benchmarks – Comparing average premiums by ZIP code or county will help HOAs and lodging operators evaluate pricing fairness and plan budgets effectively.
- Carrier Participation Trends – Tracking insurer entry and exit patterns over time will signal market stability and inform DOI interventions to prevent coverage shortages.
- Underwriting Restrictions – Flagging counties where coverage is limited due to moratoriums, exclusions, or high deductibles will allow stakeholders to anticipate challenges and seek alternatives early.

This will empower consumers to identify available insurers in their area, reduce confusion, and foster competitive pricing. For carriers and brokers, it provides valuable market intelligence to guide strategy and identify growth opportunities. For regulators, it enhances oversight and supports targeted mitigation programs, ultimately contributing to a more resilient insurance market in Colorado.

Formation of a Captive

Essentially, captives are a mechanism that allow large entities to pool their risk together and self-insure. If HOAs or lodging facilities feel that the premium they are being charged exceeds their risk level or does not provide sufficient coverage, then instead of relying on an insurance company they can create their own (re)insurance company, known as a captive. A captive can take the form of an insurer or a reinsurer. In this instance, it would be easier for them to act as a reinsurer, so that they don't need to go through all the regulatory and compliance requirements that insurance companies need to handle. For instance, several HOAs could reinsure themselves via a captive, using a fronting carrier.

HOAs -> Fronting Carrier -> HOA Reinsurance captive.

A captive manager would be hired by HOA board members, who would create a specific insurance program for this purpose and define the eligibility criteria. Any HOA that meets the eligibility criteria and is interested in participating would pay premiums (determined algorithmically by the captive manager, just like any other insurance company) to the fronting carrier. This fronting carrier would keep a portion of the premium for its own expenses (fronting fee) and pass on the remaining premium to the captive in a reinsurance transaction. The

reinsurer would then be responsible for paying all losses for its member insureds, out of the premium collected net of the fronting fee. The advantage of setting up a captive is that the captive can define the terms (such as lower minimum deductibles) of the insurance policy. It can also be set up as a non-profit entity, thus allowing for a larger portion of the premiums to be used for loss payout. This in turn could lower the premiums needed to provide adequate coverage to the member HOAs.

Forming and operating a captive is a complex undertaking that requires significant financial resources and ongoing administrative oversight, which may pose challenges, including initial capitalization and ongoing surplus to meet solvency requirements. Regulatory compliance, even for a reinsurer, involves licensing, reporting, and governance standards. Professional expertise is essential—actuaries, legal counsel, auditors, and captive managers must be engaged to ensure sound pricing and compliance. Operational infrastructure for claims handling, accounting, and risk management must be established and maintained.

One area of caution is that since the HOAs are essentially self-insuring, if the premium is inadequate to pay losses in a given year, they could face financial difficulties. For instance, if there is a catastrophic event that is covered via a captive, it could deplete all existing reserves and be unable to pay all losses from the event. Such a situation can be devastating for the policyholders. Note that the captive itself can still avail reinsurance through traditional avenues, potentially for true catastrophic events. In this setup, the captive could manage more typical and expected losses but use a well-capitalized reinsurer for protection against extreme events. The captive would also need to hold a minimum amount of surplus enabling it to pay out claims as they are reported.

Expanding Coverage Options Through Layered Models and Surplus Lines

As wildfire risk intensifies across Colorado, traditional insurance markets are increasingly unable or unwilling to cover high-value or high-risk properties, especially those located in wildland-urban interface zones. To address this challenge, Colorado should consider two complementary strategies: layered coverage models and surplus lines insurance.

Layered Coverage Models

One approach is the layered coverage model, successfully implemented in Florida for hurricane risk through programs like the Florida Hurricane Catastrophe Fund (FHCF)⁶⁴ and Reinsurance to Assist Policyholders (RAP)⁶⁵. These programs create a “tower” of protection by segmenting risk into multiple layers, supported by state-backed funds, private reinsurance, and capital market instruments. This structure reduces concentration risk, improves affordability, and ensures liquidity for extreme events.

Implementation in Colorado could include:

- Broker-led structuring: Encourage brokers to assemble layered programs using both admitted and surplus lines carriers.
- DOI guidance: The Division of Insurance can issue sample frameworks and host workshops to educate stakeholders on layering strategies.
- Monitor existing programs: Monitor similar layered programs in place in wildfire-prone counties to test layered coverage for residential and commercial properties more broadly. For instance, previously referenced Colorado’s HB25-1302 would have created a state-level wildfire reinsurance program acting as a top-layer backstop above private insurance policies. In this layered structure, private insurers cover standard claims, while the state layer activates only for catastrophic losses, helping stabilize the market and maintain coverage availability for high-risk properties.
- Reinsurance support: DOI coordinates with reinsurers to backstop higher layers, meaning reinsurers take on catastrophic risk at the top of the tower. This reduces exposure for primary carriers, making participation more attractive and financially viable. This could include the state creating an actuarially sound layer of coverage that carriers have access to.

Layered coverage allows multiple insurers to share portions of a property’s value, reducing individual exposure and enabling broader participation. This model improves pricing flexibility, supports carrier re-entry into high-risk markets, and provides tailored coverage for multi-

⁶⁴ *Florida Hurricane Catastrophe Fund (FHCF): The FHCF is a state-created fund that provides reimbursement coverage to insurers for a portion of their hurricane losses, helping stabilize the Florida property insurance market.*

Source: Florida Hurricane Catastrophe Fund. (n.d.). About the FHCF. <https://fhcf.sbafla.com/about-the-fhcf/>

⁶⁵ *Reinsurance to Assist Policyholders (RAP) Program: The RAP Program provides a mechanism for managing catastrophe risk and protecting policyholders in Florida through reinsurance-backed coverage. Source: Florida Senate. (2025). Analysis of House Bill 5013: Reinsurance to Assist Policyholders Program.*

<https://www.flsenate.gov/Session/Bill/2025/5013/Analyses/2025h05013.ap.PDF>

building properties and hospitality operations—critical for Colorado’s HOA and lodging sectors. To keep layered coverage accessible for all policyholders, measures can be taken to simplify the claims process. One option is requiring the designation of a lead insurer or broker as a single point of contact, so insureds do not have to coordinate with multiple carriers. In this option, the primary insurer is still responsible for working with the insured to resolve claims. The insured does not need to work with multiple carriers. Each carrier then settles claims after the fact with other carriers in the risk-sharing pool. This would need to be structured to limit complexity and uncertainty for policyholders.

Surplus Lines Insurance

Surplus lines carriers provide coverage for risks that admitted insurers decline, making them essential in wildfire-prone or underserved areas. However, they lack standard consumer protection and regulatory oversight.

Implementation strategies include:

- **SLIP+ portal utilization:** Colorado’s SLIP+ (Surplus Lines Information Portal) is an online system that makes it easier for brokers to handle surplus lines policies. Instead of manual paperwork, brokers can file policies electronically, calculate and pay surplus lines taxes, and meet compliance requirements in one place. This reduces administrative burden and speeds up the process for both brokers and regulators.
- **Targeted outreach:** Many HOAs and lodging operators in wildfire-prone or underserved areas don’t know surplus lines coverage is an option when admitted carriers decline them. The Division of Insurance (DOI) can work with local governments, industry associations, community groups, and insurance agents to spread awareness. Agents play a critical role in guiding property owners through surplus lines requirements, coverage options, and compliance steps. Outreach strategies could include webinars, step-by-step guides, FAQs, and agent-led workshops explaining what surplus lines are, when they apply, and how to access them. This collaborative approach ensures property owners receive both regulatory clarity and practical guidance from trusted advisors.
- **Streamlined access:** Currently, brokers must show a “diligent effort” — proof they tried to get coverage from admitted carriers before turning to surplus lines. In high-risk zones where admitted carriers routinely decline coverage, this step can slow things down unnecessarily. Simplifying this requirement for certain areas would make surplus lines coverage faster and more accessible for property owners who need it most.

- Encourage Difference-in-Conditions (DIC) policies: Promote DIC policies as a responsible way to address specific coverage gaps such as flood or earthquake, that are excluded by standard property insurance or FAIR Plan policies. The emphasis should be on gap-filling for existing properties, not creating a layered strategy that relies on FAIR Plan as the primary payer or incentivizes high-value development in high-risk areas. This approach ensures comprehensive protection without increasing taxpayer exposure or undermining the FAIR Plan's role as a true last-resort option.

Surplus lines offer tailored solutions for properties with wildfire exposure or older infrastructure. They fill critical coverage gaps and provide flexibility in underwriting, helping communities maintain resilience even when traditional markets retreat.

Together, layered coverage and surplus lines insurance offer practical, scalable solutions to stabilize Colorado's property insurance market and protect vulnerable communities from the growing threat of wildfire.

Insurance Market Innovation and Stability

To maintain profitability amid inflation and rising reconstruction costs, carriers must incentivize mitigation and evolve wildfire models to reflect granular, property-level risk and community-wide efforts. Cosmetic damage sub-limits and tiered deductible structures can help manage claim severity and improve affordability.

Cosmetic Damage Sub-Limits⁶⁶

Hailstorms often cause dents or scratches on roofs and siding that do not affect structural integrity but lead to expensive claims. By applying a sub-limit (for example, \$5,000 for cosmetic repairs), or excluding cosmetic only repairs from insurance coverage entirely, insurers can reduce payouts for purely aesthetic damage while still covering functional repairs. This helps control claim severity and stabilize premiums.

Example: Texas insurers commonly use cosmetic damage exclusions or sub-limits for metal roofs to reduce hail-related claim costs. These measures became widespread as hail losses surged in Texas, where storms frequently cause non-functional roof damage.

⁶⁶ Lerner, M. (2025, May 15). *What is a wind and hail cosmetic damage exclusion?* Insurance.com.

<https://www.insurance.com/home-and-renters-insurance/coverage/hail-and-wind-exclusion.html>

Wadley, R. (2024, February 7). *What is a cosmetic exclusion on a home insurance policy?* Insurance For Texans.

<https://www.insurancefortexans.com/blog/what-is-a-cosmetic-exclusion-on-a-home-insurance-policy>

Tiered Deductible Structures

Instead of a flat deductible for all claims, tiered deductibles apply different amounts based on peril or risk level. For example:

- A standard deductible for general property damage.
- A higher percentage-based deductible (e.g., 1–5% of insured value) for catastrophic perils like wildfire or hail.

Insurers in wildfire-prone states such as California already use this approach, categorizing properties into risk tiers based on proximity to vegetation, defensible space, and fire mitigation efforts. Properties with better mitigation qualify for lower deductibles, incentivizing resilience.⁶⁷ Anecdotally, insurers in Colorado are already applying tiered deductible structures, particularly for hail events. Ideally, adoption by more insurers would improve alignment between risk, pricing, and mitigation incentives across other perils.

This approach encourages risk-sharing, reduces small claims, and allows carriers to offer lower base premiums. Policyholders can choose deductible tiers that fit their budget and risk tolerance.

Insurers should also consider voluntarily disclosing premium drivers and repair recommendations. Providing itemized lists of factors influencing premiums—such as roof age, siding material, and defensible space—can help consumers understand pricing and take proactive steps to reduce risk. This transparency builds trust and encourages market-wide resilience.

Supporting Understanding of Non-Traditional Options Among Consumers

Despite the growing importance of surplus lines and captives in providing coverage for high-risk properties, many consumers remain hesitant or unaware of these options. Non-traditional solutions such as surplus lines, captives, and parametric insurance can act as alternatives. These products can provide faster, more predictable support after disasters as a supplementary

⁶⁷ Brian. (2025, May 8). *Understanding wildfire insurance deductibles in high-risk zones: What to expect in 2024*. Insures Hub. <https://www.insureshub.com/understanding-wildfire-insurance-deductibles-in-high-risk-zones-for-2024.html>

option, but have limitations that should be clearly understood by consumers to avoid uninsured losses—particularly as the federal appetite for providing disaster assistance is waning.

Surplus lines carriers offer flexibility in underwriting and pricing for properties that admitted carriers consider too risky. This flexibility ensures coverage availability when traditional markets withdraw. However, surplus lines policies lack standard consumer protection and regulatory oversight. They are often more expensive and include complex terms and exclusions, making them harder for consumers to compare and understand.

Captive insurance arrangements allow organizations to create their own insurance entity, offering highly customizable coverage tailored to specific risks. Captives can deliver long-term cost savings and greater control over claims and risk management. On the downside, they require significant capital investment and specialized expertise, making them impractical for smaller HOAs or lodging operators. Regulatory compliance adds further complexity.

Parametric insurance introduces innovation by offering payouts based on predefined triggers such as wind speed or fire proximity, rather than traditional claims processes. This approach enables rapid, predictable payouts and reduces administrative burden after catastrophic events. However, parametric products may not fully cover actual losses, and consumers often find trigger-based payouts confusing. There is also a risk of mismatch between payout amounts and real damage, which can lead to dissatisfaction.

Clear, accessible information is essential to demystify these non-admitted markets and innovative insurance models, making them easier to understand and adopt. Explaining how these products work, along with their benefits and limitations, helps build trust and ensures they complement rather than complicate Colorado's insurance landscape.

Community-Led Risk Reduction and Resilience

HOAs and property managers have a unique ability to coordinate risk reduction at scale. The property operators must take the lead in implementing mitigation activities such as clearing debris, installing ember-resistant vents, and sealing decks. Using resilient materials like aluminum fencing and impact-resistant roofing, and adopting the Base + Plus construction model, can reduce fire risk and improve insurability.

Further, a recent Colorado law prohibits HOAs from blocking home hardening strategies based on design preferences, a change prompted by post-Marshall Fire rebuild challenges where HOAs required flammable materials like wood shingle siding. This creates an opportunity for HOAs to proactively identify and approve fire-resistant materials, ensuring compliance and reducing risk.

Collective action is key—HOAs can coordinate upgrades, pool resources for bulk purchasing, and form insurance cooperatives to negotiate better terms. Individual properties often lack bargaining power, but when communities act together, they can achieve meaningful results. HOAs can coordinate risk-reduction upgrades—such as installing Class A fire-resistant roofs or creating defensible space—and pool resources for bulk purchasing of materials and services, lowering costs for mitigation projects. Maintenance of older buildings, especially plumbing systems, should be prioritized to reduce water damage claims.

Beyond physical improvements, HOAs and similar associations could consider forming insurance cooperatives. These cooperatives aggregate multiple properties under a single risk pool, enabling them to negotiate better terms with carriers. By spreading risk across a larger base, cooperatives can:

- Secure higher coverage limits that individual properties might not obtain alone.
- Reduce volatility for insurers, making participation more attractive.
- Leverage collective buying power to negotiate lower premiums and improved policy conditions.

Encouraging insurance discounts tied to verified mitigation efforts could help accelerate the adoption of resilience measures and recognize proactive communities. Rather than mandating such incentives, publishing clear guidelines and promoting voluntary participation may be more effective in gaining industry and community support. By linking financial benefits to risk-reduction activities such as defensible space creation, fire-resistant building materials, or community-wide mitigation programs, insurers and regulators can foster broader engagement in wildfire preparedness while contributing to the long-term stability of coverage availability in high-risk areas.

Long-term resilience planning must be integrated into capital improvement strategies.

Simple Actions for Immediate Risk Reduction

Policyholders can take quick, low-cost steps to reduce wildfire risk:

- Remove pine needles and leaves from rooftops.
- Relocate firewood and logs away from the home.
- Install ember-resistant vents on roofs and walls.

- Clear vegetation and brush from around the house.
- Remove debris and close off areas beneath buildings to block embers.

While these measures may help improve a property's risk profile and potentially influence insurance eligibility, a key challenge is the lack of a clear feedback loop. Insurers often recommend risk mitigation actions, but policyholders rarely see how these efforts impact coverage availability or affordability. To address this, industry stakeholders—such as insurers, brokers, and trade associations could consider creating mechanisms that make this connection more transparent. Practical, low-cost approaches include standardized checklists or self-assessment tools for documenting improvements, simple digital portals for uploading proof and receiving feedback, and periodic email scorecards showing alignment with underwriting criteria. Additionally, community webinars or FAQs can help clarify which actions matter most. These steps would not only improve communication but also encourage greater engagement in risk reduction efforts.

Education, Technical Support, and Advisory Access

Empowering communities with knowledge is essential. Colorado already provides strong tools to help homeowners, HOAs, and lodging operators manage insurance challenges—but many people don't know they exist. This lack of awareness means consumers miss opportunities to reduce risk and control costs, and insurers lose chances to guide clients toward mitigation. The DOI, nonprofits, and municipalities should offer insurance literacy programs, mitigation strategy support, and access to independent advisors.

Stakeholders should actively promote existing consumer resources, including:

- [**Toolkit for Homeowners and HOAs on Insurance**](#)⁶⁸ – This toolkit, created by the Colorado Division of Insurance (DOI), helps homeowners and HOA boards understand insurance basics. It explains coverage options, what drives premium costs, and offers mitigation strategies to reduce risk and expenses. It's designed for Colorado residents and HOA leaders who want clear, practical guidance on managing property insurance

⁶⁸ Colorado Division of Insurance. (n.d.). *Toolkit for homeowners and HOAs on insurance – Information and FAQs*. Colorado Department of Regulatory Agencies. <https://doi.colorado.gov/homeowners-hoainsurancetoolkit>

- [Colorado FAIR Plan](#)^{69 70} – The Colorado FAIR Plan is a state-level program operated by the Colorado FAIR Plan Association under DOI oversight. It serves as a “last resort” for property owners who cannot secure coverage in the private market due to wildfire, hail, or other high-risk factors. To qualify, applicants must show three declinations from licensed insurers. Coverage limits include up to \$750,000 for homes and \$5 million for commercial properties
- [Are You Disaster Ready?](#)⁷¹ – This is Colorado DOI’s preparedness hub, offering resources for wildfire, hail, and flood risks. It provides practical steps for creating home inventories, understanding claims processes, and preparing for natural disasters. It’s available to all Colorado residents and property owners.
- [Wildfire Mitigation Income Tax Credit](#)⁷² – Administered by the Colorado Department of Revenue, this program gives homeowners a 25% tax credit (up to \$2,500 annually) for wildfire mitigation expenses like creating defensible space or installing fire-resistant materials. It applies to private landowners with income below a set threshold and runs through 2027.
- [Forest Restoration & Wildfire Risk Mitigation Grants](#)⁷³ – Managed by the Colorado State Forest Service, these grants fund community-level projects to reduce wildfire risk and improve forest health. Eligible applicants include local governments, HOAs, nonprofits, and tribes. Projects must focus on WUI areas and cannot be solely for private landowners.

⁶⁹ Colorado FAIR Plan Association, *Eligibility for the Colorado FAIR Plan, Colorado FAIR Insurance*, <https://www.coloradofairplan.com/eligibility>

⁷⁰ Colorado Department of Regulatory Agencies. (2025, February 13). HOA Center Advisory: The Fair Access to Insurance Requirements (“FAIR”) Plan – An insurer of last resort. Colorado Division of Real Estate. <https://content.govdelivery.com/accounts/CODORA/bulletins/3d22387>

⁷¹ Colorado Division of Insurance. (n.d.). Are you disaster ready? Colorado Department of Regulatory Agencies. <https://doi.colorado.gov/types-of-insurance/homeowners/renters-insurance/being-prepared/are-you-disaster-ready>

⁷² Colorado General Assembly. (2016). HB16-1052: Wildfire mitigation income tax credit (House Bill). <https://leg.colorado.gov/bills/hb16-1052>

⁷³ Colorado State Forest Service. (n.d.). Forest Restoration & Wildfire Risk Mitigation. Colorado State University. <https://csfs.colostate.edu/grants/forest-restoration-wildfire-risk-mitigation/>

- [**United Policyholders Roadmap to Preparedness**](#)^{74 75} – United Policyholders, a national nonprofit, offers this program to educate consumers about insurance and disaster readiness. It provides workshops, guides, and multilingual resources for homeowners, renters, and small businesses across the U.S., helping them prepare for and recover from disasters.

Clear, accessible web pages and downloadable guides will help consumers take advantage of existing programs, improving resilience and reducing long-term insurance costs.

Oversight

Strengthening contractor licensing and oversight is essential to guarantee quality repairs and prevent inflated claims that drive premiums higher. Incentives for resilient retrofits—such as tax credits for fire-resistant roofing and water-resistant upgrades would encourage proactive risk management.

Lodging Sector-Specific Strategies

Lodging facility owners should focus on upgrading to resilient roofing systems, maintaining structural integrity, and documenting prior losses and repairs. Preference should be given to fire-resistive construction types, such as masonry, to align with insurer expectations and reduce premium costs.

Enhancing Public Education Through Multi-Channel Outreach

While the DOI currently offers webinars and stakeholder meetings, public awareness of these resources remains limited. To improve visibility and engagement, the DOI could consider adopting a multi-media strategy that includes:

- Social media platforms such as X (Twitter), Facebook, and Instagram.
- Partnerships with HOAs, local governments, and community organizations.

⁷⁴ United Policyholders. (n.d.). *Roadmap to Preparedness* (Solution Search Contest Entry No. 600). Solution Search. <https://solutionsearch.org/contests/entry/600>

⁷⁵ United Policyholders. (n.d.). *Roadmap to Preparedness*. <https://uphelp.org/preparedness/>

- Simplified, downloadable guides and explainer videos.

By expanding outreach and making educational content more accessible, Colorado can empower residents to make informed decisions, adopt mitigation practices, and explore a broader range of insurance solutions.

Facilitating Reinsurance Engagement Through Annual Market Forums

To encourage broader participation and transparency in Colorado's reinsurance landscape, an annual open market forum—such as a “Reinsurance House” could provide a platform for insurers, reinsurers, brokers, and regulators to collaboratively explore Colorado's evolving risk environment, share insights, and identify innovative solutions.

Addressing Colorado's HOA and lodging insurance crisis requires a holistic and collaborative approach: one that blends regulatory reform, market innovation, community resilience, education, and transparency. While many valuable resources, programs, and tools already exist to support HOAs, and lodging operators, their impact is limited by low public awareness. By actively promoting these resources and making them more accessible, stakeholders can empower communities to make informed decisions, adopt mitigation practices, and explore alternative insurance solutions. This increased awareness, combined with strategic reforms, can restore carrier confidence, improve risk management, and ensure sustainable coverage across the state.

8. Sources and References

Information used in this report was obtained from a combination of insurer-provided data, regulatory agencies, industry resources, legislative materials, and publicly available geographic and news sources. These sources support analysis of insurance pricing, coverage availability, underwriting trends, and market conditions affecting homeowners associations (HOAs) and lodging facilities in Colorado.

8.1 Insurer Data Calls

- **Insurer Data Calls:** Structured Excel data files submitted by multiple insurance carriers in response to formal data requests.

8.2 Regulatory and Government Sources

- **Colorado Division of Insurance (DOI):**

The DOI website provides regulatory guidance, market conduct information, consumer resources, insurer filings, and reports related to property and casualty insurance in Colorado.

<https://doi.colorado.gov/>

- **Colorado FAIR Plan Association:**

Information on residual market property insurance availability, eligibility requirements, and coverage options for properties unable to obtain insurance in the voluntary market.

<https://www.coloradofairplan.com/about>

- **Colorado General Assembly – Legislation:**

Legislative bills and statutes related to insurance regulation, building codes, catastrophe mitigation, and housing policy impacting HOAs and lodging properties.

<https://leg.colorado.gov/bills>

8.3 Industry and Market Resources

- **SLIP+ (Insurance Placement Platform):**

Industry platform providing insights into specialty and surplus lines insurance placement trends, including property risks with elevated catastrophe exposure.

<https://slipplus.com/>

- **Inszone Insurance Services:**

Industry commentary and educational articles discussing property insurance trends,

underwriting challenges, and premium drivers in Colorado.

<https://inszoneinsurance.com/blog/property-insurance-colorado>

8.4 Consumer and Educational Resources

- **Toolkit for Homeowners and HOAs on Insurance (DORA – Division of Insurance):**
Educational materials, FAQs, and guidance for homeowners and HOA boards regarding insurance coverage, claims, deductibles, and risk management.
<https://doi.colorado.gov/homeowners-hoainsurancetoolkit>

8.5 Geographic and Demographic Data

- **United States ZIP Codes Database:**
ZIP code-level geographic and demographic data used to support spatial analysis of insurance premiums and policy distribution.
<https://www.unitedstateszipcodes.org/co/>

8.6 News and Media Sources

- <https://www.cbsnews.com>
- <https://www.insurancejournal.com>
- <https://www.prnewswire.com>
- <https://www.summitdaily.com>
- <https://www.9news.com>
- <https://kdvr.com>
- <https://www.koaa.com>
- <https://www.denver7.com>