

HB1225_L.004

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Business, Labor, Economic, & WorkforceDevelopment.HB13-1225 be amended as follows:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 "SECTION 1. **Short title.** This act shall be known and may be
4 cited as the "Homeowner's Insurance Reform Act of 2013".

5 SECTION 2. In Colorado Revised Statutes, 10-4-110.8, amend
6 (3); and add (6), (7), (8), (9), (10), (11), and (12) as follows:

7 10-4-110.8. **Homeowner's insurance - prohibited and required**
8 **practices - estimates of replacement value - additional living expense**
9 **coverage - copies of policies - personal property contents coverage -**
10 **inventory of personal property - definitions - rules.** (3) For the
11 purposes of this section, unless the context otherwise requires:

12 (a) "ADDITIONAL LIVING EXPENSE COVERAGE" OR "ALE" COVERS
13 INCREASED LIVING EXPENSES DURING THE TIME REQUIRED TO REPAIR OR
14 REPLACE DAMAGE TO THE POLICYHOLDER'S DWELLING UNIT FOLLOWING
15 AN INSURED LOSS OR, IF THE POLICYHOLDER PERMANENTLY RELOCATES,
16 THE TIME REQUIRED TO MOVE THE POLICYHOLDER'S HOUSEHOLD TO A NEW
17 LOCATION.

18 (a) (b) "Claim" includes a demand for payment of a benefit by the
19 insured, the payment of a covered benefit by an insurer, a loss reserve
20 established by the insurer, a loss adjustment expense incurred by the
21 insurer, or a payment made to the insured.

22 (c) "CONSTRUCTION INFLATION INDEX" MEANS AN INDICATOR OF
23 INCREASED COSTS TO BUILD STRUCTURES IN A SPECIFIED AREA.

24 (d) "DWELLING" MEANS A SINGLE-FAMILY HOME, OTHER THAN A
25 MOBILE HOME, CONDOMINIUM, OR MANUFACTURED HOME, THAT IS USED
26 AS A PRIMARY RESIDENCE BY THE OWNER OF THE DWELLING.

27 (e) "EXTENDED REPLACEMENT COST COVERAGE" PAYS A
28 DESIGNATED AMOUNT ABOVE THE POLICY LIMIT TO REPLACE A DAMAGED
29 STRUCTURE IF NECESSARY UNDER CURRENT BUILDING CONDITIONS.

30 (b) (f) "Inquiry" means a request for information regarding the
31 terms, conditions, or coverages afforded under an insurance contract.

32 (g) "LAW AND ORDINANCE COVERAGE" MEANS COVERAGE FOR
33 INCREASED COSTS OF DEMOLITION, CONSTRUCTION, RENOVATION, OR
34 REPAIR ASSOCIATED WITH THE ENFORCEMENT OF BUILDING ORDINANCES
35 AND LAWS.

36 (h) "RECOVERABLE DEPRECIATION" MEANS THE DIFFERENCE



1 BETWEEN THE COST TO REPLACE INSURED PROPERTY AND THE ACTUAL
2 CASH VALUE OF THE PROPERTY.

3 (6) (a) BEFORE ISSUANCE OR RENEWAL OF A REPLACEMENT-COST
4 HOMEOWNER'S INSURANCE POLICY WHOSE DWELLING LIMIT IS EQUAL TO
5 OR GREATER THAN THE ESTIMATED REPLACEMENT COST OF THE
6 RESIDENCE, THE INSURER SHALL MAKE AVAILABLE TO AN APPLICANT THE
7 OPPORTUNITY TO OBTAIN EXTENDED REPLACEMENT-COST COVERAGE AND
8 LAW AND ORDINANCE COVERAGE. AT A MINIMUM, THE INSURER SHALL
9 MAKE AVAILABLE LAW AND ORDINANCE COVERAGE IN AN AMOUNT OF
10 INSURANCE EQUAL TO TEN PERCENT OF THE LIMIT OF THE INSURANCE FOR
11 THE DWELLING AND EXTENDED REPLACEMENT-COST COVERAGE IN AN
12 AMOUNT OF INSURANCE THAT IS AT LEAST TWENTY PERCENT OF THE LIMIT
13 OF THE INSURANCE FOR THE DWELLING. INFORMATION PROVIDED MUST BE
14 ACCOMPANIED BY AN EXPLANATION OF THE PURPOSE, TERMS, AND COST
15 OF THESE COVERAGES. THIS PARAGRAPH (a) DOES NOT APPLY TO ANY
16 HOMEOWNER'S INSURANCE POLICY THAT ALREADY INCLUDES EXTENDED
17 REPLACEMENT-COST COVERAGE AND LAW AND ORDINANCE COVERAGE IN
18 AMOUNTS GREATER THAN OR EQUAL TO THE AMOUNTS SPECIFIED IN THIS
19 PARAGRAPH (a).

20 (b) ALL HOMEOWNER'S INSURANCE REPLACEMENT COST POLICIES
21 FOR A DWELLING MUST INCLUDE ADDITIONAL LIVING EXPENSE COVERAGE.
22 THIS COVERAGE MUST BE AVAILABLE FOR A PERIOD OF AT LEAST TWELVE
23 MONTHS AND IS SUBJECT TO OTHER POLICY PROVISIONS. INSURERS SHALL
24 OFFER POLICYHOLDERS THE OPPORTUNITY TO PURCHASE A TOTAL OF
25 TWENTY-FOUR MONTHS OF ALE COVERAGE AND GIVE AN APPLICANT AN
26 EXPLANATION OF THE PURPOSE, TERMS, AND COST OF THIS COVERAGE.
27 THIS PARAGRAPH (b) DOES NOT APPLY TO ANY HOMEOWNER'S INSURANCE
28 POLICY THAT ALREADY INCLUDES AT LEAST TWENTY-FOUR MONTHS OF
29 ALE COVERAGE AS A STANDARD PROVISION.

30 (7) (a) THE TEXT OF ALL ENDORSEMENTS, SUMMARY DISCLOSURE
31 FORMS, AND HOMEOWNER'S INSURANCE POLICES FOR A DWELLING MUST
32 NOT EXCEED THE TENTH-GRADE READING LEVEL, AS MEASURED BY THE
33 FLESCH-KINCAID GRADE LEVEL FORMULA, OR MUST NOT SCORE LESS THAN
34 FIFTY AS MEASURED BY THE FLESCH READING EASE FORMULA. INSURERS
35 SHALL REVISE ALL HOMEOWNER'S INSURANCE POLICIES FOR A DWELLING
36 ISSUED OR RENEWED IN COLORADO ON OR AFTER JANUARY 1, 2015, TO
37 COMPLY WITH THIS SUBSECTION (7). THEREAFTER, ALL HOMEOWNER'S
38 INSURANCE POLICIES FOR A DWELLING MUST COMPLY WITH THIS
39 SUBSECTION (7).

40 (b) FOR THE PURPOSES OF THIS SUBSECTION (7):

41 (I) A CONTRACTION, HYPHENATED WORD, OR NUMBERS AND



1 LETTERS, WHEN SEPARATED BY SPACES, COUNT AS ONE WORD;
2 (II) A UNIT OF WORDS ENDING WITH A PERIOD, SEMICOLON, OR
3 COLON, BUT EXCLUDING HEADINGS AND CAPTIONS, COUNT AS A SENTENCE;
4 AND
5 (III) A SYLLABLE MEANS A UNIT OF SPOKEN LANGUAGE
6 CONSISTING OF ONE OR MORE LETTERS OF A WORD AS DIVIDED BY AN
7 ACCEPTED DICTIONARY. IF THE DICTIONARY SHOWS TWO OR MORE
8 EQUALLY ACCEPTABLE PRONUNCIATIONS OF A WORD, A PRONUNCIATION
9 CONTAINING FEWER SYLLABLES MAY BE USED.
10 (IV) "TEXT" INCLUDES ALL PRINTED MATTER EXCEPT THE
11 FOLLOWING:
12 (A) THE NAME AND ADDRESS OF THE INSURER; THE NAME,
13 NUMBER, OR TITLE OF THE POLICY; THE TABLE OF CONTENTS OR INDEX;
14 CAPTIONS AND SUBCAPTIONS; AND SPECIFICATION PAGES, SCHEDULES, OR
15 TABLES; AND
16 (B) ANY POLICY LANGUAGE THAT IS DRAFTED TO CONFORM TO THE
17 REQUIREMENTS OF A FEDERAL LAW OR REGULATION; ANY POLICY
18 LANGUAGE REQUIRED BY A COLLECTIVELY BARGAINED AGREEMENT; ANY
19 MEDICAL TERMINOLOGY; ANY WORDS THAT ARE DEFINED IN THE POLICY;
20 AND ANY POLICY LANGUAGE REQUIRED BY LAW OR REGULATION IF THE
21 INSURER IDENTIFIES THE LANGUAGE OR TERMINOLOGY EXCEPTED AND
22 CERTIFIES IN WRITING THAT THE LANGUAGE OR TERMINOLOGY IS ENTITLED
23 TO BE EXCEPTED.
24 (8) THE INSURER MUST CONSIDER, SUBJECT TO THE INSURER'S
25 UNDERWRITING REQUIREMENTS, AN ESTIMATE FROM A LICENSED
26 CONTRACTOR OR LICENSED ARCHITECT SUBMITTED BY THE POLICYHOLDER
27 AS THE BASIS FOR ESTABLISHING THE REPLACEMENT COST OF A DWELLING.
28 (9) AT RENEWAL OF A HOMEOWNER'S INSURANCE POLICY FOR A
29 DWELLING, THE INSURER SHALL PROVIDE WRITTEN NOTIFICATION TO THE
30 POLICYHOLDER DESCRIBING CHANGES IN INSURANCE POLICY LANGUAGE
31 THAT ARE APPLICABLE TO THAT RENEWAL PERIOD.
32 (10) EVERY HOMEOWNER'S INSURANCE CARRIER SHALL MAKE
33 AVAILABLE TO A POLICYHOLDER AN ELECTRONIC OR PAPER COPY OF THE
34 POLICYHOLDER'S INSURANCE POLICY, INCLUDING THE DECLARATION PAGE
35 AND ANY ENDORSEMENTS, WITHIN THREE BUSINESS DAYS AFTER A
36 REQUEST FROM THE POLICYHOLDER. THE POLICYHOLDER SHALL
37 DETERMINE THE METHOD OF DELIVERY.
38 (11) (a) IN THE EVENT OF A TOTAL LOSS OF THE CONTENTS OF A
39 DWELLING THAT WAS FURNISHED AT THE TIME OF LOSS, THE INSURER
40 SHALL OFFER THE POLICYHOLDER A MINIMUM OF THIRTY PERCENT OF THE
41 VALUE OF THE CONTENTS COVERAGE REFLECTED IN THE DECLARATION



1 PAGE OF THE HOMEOWNER'S POLICY WITHOUT REQUIRING SUBMITTAL OF
2 A WRITTEN INVENTORY OF THE CONTENTS. IN ORDER TO RECEIVE UP TO
3 THE FULL VALUE OF THE CONTENTS COVERAGE, THE POLICYHOLDER MAY
4 ACCEPT THE OFFER UNDER THIS PARAGRAPH (a) AND SUBMIT A WRITTEN
5 INVENTORY AS REQUIRED BY THE INSURER.

6 (b) IF THE POLICYHOLDER RECEIVES THE DEPRECIATED VALUE OF
7 CONTENTS INSURED UNDER A POLICY, THE INSURER MUST MAKE
8 AVAILABLE TO THE INSURED THE METHODOLOGY USED FOR DETERMINING
9 THE DEPRECIATED VALUE OF THE INSURED CONTENTS.

10 (c) (I) (A) EXCEPT AS SPECIFIED IN SUB-SUBPARAGRAPH (B) OF THIS
11 SUBPARAGRAPH (I), AN INSURER SHALL ALLOW THE POLICYHOLDER AT
12 LEAST ONE HUNDRED EIGHTY DAYS AFTER A TOTAL LOSS CLAIM TO SUBMIT
13 AN INVENTORY OF LOST OR DAMAGED PROPERTY.

14 (B) IN THE EVENT OF A DISASTER AS DECLARED BY THE GOVERNOR
15 THAT RESULTS IN THE TOTAL LOSS OF MULTIPLE DWELLINGS, THE PERIOD
16 SPECIFIED IN SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (I) IS
17 INCREASED TO TWO HUNDRED SEVENTY DAYS.

18 (II) AN INSURER SHALL ALLOW THE POLICYHOLDER AT LEAST ONE
19 HUNDRED EIGHTY DAYS AFTER EXPIRATION OF ALE TO REPLACE
20 PROPERTY AND RECEIVE RECOVERABLE DEPRECIATION ON THAT
21 PROPERTY.

22 (12) (a) NOTWITHSTANDING ANY PROVISION OF A HOMEOWNER'S
23 INSURANCE POLICY FOR A DWELLING THAT REQUIRES THE POLICYHOLDER
24 TO FILE SUIT AGAINST THE INSURER, IN THE CASE OF ANY DISPUTE, WITHIN
25 A PERIOD OF TIME THAT IS SHORTER THAN REQUIRED BY THE APPLICABLE
26 STATUTE OF LIMITATIONS PROVIDED BY LAW, A HOMEOWNER MAY FILE
27 SUCH A SUIT WITHIN THE PERIOD OF TIME ALLOWED BY THE APPLICABLE
28 STATUTE OF LIMITATIONS; EXCEPT THAT THIS PARAGRAPH (a):

29 (I) DOES NOT REVIVE A CAUSE OF ACTION THAT, AS OF THE
30 EFFECTIVE DATE OF THIS SUBSECTION (12), HAS ALREADY BEEN BARRED
31 BY CONTRACT; AND

32 (II) APPLIES ONLY TO A CAUSE OF ACTION THAT, AS OF THE
33 EFFECTIVE DATE OF THIS SUBSECTION (12), HAS NOT BEEN BARRED BY
34 CONTRACT.

35 (b) ON AND AFTER JANUARY 1, 2014, AN INSURER SHALL NOT
36 ISSUE OR RENEW A HOMEOWNER'S INSURANCE POLICY FOR A DWELLING
37 THAT REQUIRES THE POLICYHOLDER TO FILE SUIT AGAINST THE INSURER,
38 IN THE CASE OF ANY DISPUTE, WITHIN A PERIOD OF TIME THAT IS SHORTER
39 THAN REQUIRED BY THE APPLICABLE STATUTE OF LIMITATIONS PROVIDED
40 BY LAW.

41 **SECTION 3.** In Colorado Revised Statutes, 10-4-111, **amend** (3);



1 and **add** (3.5) as follows:

2 **10-4-111. Summary disclosure forms required.** (3) Every
3 insurer or its designated agent shall furnish the required disclosure form
4 to:

5 (a) Applicants for insurance coverage at the time of the initial
6 insurance purchase;

7 (b) ~~and thereafter on~~ POLICYHOLDERS OF any renewal policy when
8 there are changes in major coverages and exclusions or changes in factors
9 considered in cancellation, nonrenewal, and increase in premium
10 situations; AND

11 (c) HOMEOWNER'S INSURANCE POLICYHOLDERS AT LEAST
12 ANNUALLY.

13 (3.5) FOR REPLACEMENT-COST HOMEOWNER'S INSURANCE POLICIES
14 ISSUED OR RENEWED ON OR AFTER JANUARY 1, 2015, THE SUMMARY
15 DISCLOSURE FORM MUST INCLUDE THE FOLLOWING CLEAR AND
16 CONSPICUOUS STATEMENT, EXCEPT AS MODIFIED BY THE COMMISSIONER
17 BY A RULE PROMULGATED ON OR AFTER JANUARY 1, 2015:

18 THE POLICY LIMIT ON THE DECLARATION PAGE
19 REFLECTS THE INSURER'S ESTIMATE OF THE COST TO
20 REPLACE THE COVERED STRUCTURES. THERE IS NO
21 GUARANTEE IT WILL BE SUFFICIENT TO REBUILD YOUR
22 HOME. YOU, AS THE POLICYHOLDER, ARE SOLELY
23 RESPONSIBLE FOR DETERMINING WHETHER THE POLICY
24 LIMIT, TOGETHER WITH THE OTHER TERMS OF THE POLICY,
25 PROVIDES SUFFICIENT COVERAGE TO REBUILD THE COVERED
26 STRUCTURES IN ACCORDANCE WITH CURRENT BUILDING
27 CODES.

28 DO NOT CONFUSE MARKET VALUE OR APPRAISED
29 VALUE WITH THE COST TO REPLACE THE COVERED
30 STRUCTURES BY REBUILDING. REPLACEMENT COST MAY
31 EXCEED THE MARKET VALUE. YOU ARE RESPONSIBLE FOR
32 ASSESSING IMPROVEMENTS TO YOUR HOME AND NOTIFYING
33 THE AGENT OR COMPANY IN ORDER TO UPDATE THE
34 COVERAGE AMOUNT.

35 YOU MAY PURCHASE ADDITIONAL COVERAGE WITH
36 APPROPRIATE DOCUMENTATION.

37 WE STRONGLY ENCOURAGE YOU TO PREPARE AN
38 INVENTORY OF THE CONTENTS OF THE HOME AND
39 OUTBUILDINGS, AND UPDATE IT REGULARLY. IT IS
40 ADVISABLE TO STORE THE INVENTORY OFF-SITE OF THE
41 INSURED PROPERTY. VIDEOTAPING OR PHOTOGRAPHING IS

1 THE MOST RELIABLE WAY TO ASSURE ADEQUATE RECOVERY.
2 **SECTION 4.** In Colorado Revised Statutes, 10-2-301, **amend** (1)
3 as follows:

4 **10-2-301. Continuing education requirement - rules - advisory**
5 **committee.** (1) Producers not exempt from the requirements of this
6 section shall satisfactorily complete up to twenty-four hours of instruction
7 by attending ~~such~~ courses or programs of instruction ~~as may be~~ approved
8 by the commissioner. At least three of the twenty-four hours of
9 continuing education ~~shall~~ MUST be for courses in ethics. FOR PRODUCERS
10 AUTHORIZED TO SELL PROPERTY OR PERSONAL INSURANCE LINES OF
11 BUSINESS, AT LEAST THREE OF THE TWENTY-FOUR HOURS OF CONTINUING
12 EDUCATION MUST BE FOR COURSES IN HOMEOWNER'S INSURANCE
13 COVERAGE. The ~~insurance~~ commissioner may adopt rules concerning
14 testing requirements as a part of the certified continuing education. The
15 PRODUCER SHALL COMPLETE the required hours of instruction ~~shall be~~
16 ~~completed~~ within twenty-four months after the date the producer's license
17 ~~is required to be renewed~~ RENEWS, beginning with renewal dates on or
18 after January 1, 1993. A producer may accumulate no more than twelve
19 carry-over credit hours during the one hundred twenty days before the
20 licensing continuation date. ~~Such~~ Carry-over credits ~~may be applied~~
21 APPLY to the next continuing education period. If a producer has more
22 than one license to sell insurance in this state, THE PRODUCER SHALL
23 COMPLETE the required hours of instruction ~~shall be completed~~ within
24 twenty-four months after the date OF RENEWAL OF the first ~~such~~ license.
25 ~~is required to be renewed:~~ For good cause shown, the commissioner may
26 grant an extension of time, NOT EXCEEDING ONE ADDITIONAL YEAR,
27 within which to comply with ~~the requirements of~~ this section. ~~such~~
28 ~~extension not to exceed an additional one year:~~ An instructor of an
29 approved course of instruction ~~shall qualify~~ QUALIFIES for the same
30 number of hours of continuing education as a person attending and
31 successfully completing the course or program, but ~~no~~ AN instructor shall
32 NOT receive credit more than once for a course or program given more
33 than once during the twenty-four-month period described in this
34 subsection (1).

35 **SECTION 5. Effective date.** This act takes effect January 1,
36 2014; except that section 10-4-110.8 (12), Colorado Revised Statutes, as
37 enacted in section 2 of this act, takes effect upon passage.

38 **SECTION 6. Safety clause.** The general assembly hereby finds,
39 determines, and declares that this act is necessary for the immediate
40 preservation of the public peace, health, and safety."

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