

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 25-0359.01 Brita Darling x2241

HOUSE BILL 25-1302

HOUSE SPONSORSHIP

Brown and McCluskie,

SENATE SPONSORSHIP

Amabile,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING INCREASING THE AVAILABILITY OF HOMEOWNER'S**
102 **INSURANCE IN THE STATE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill creates 2 enterprises in the division of insurance (division) in the department of regulatory agencies.

The bill creates the strengthen Colorado homes enterprise (strengthen homes enterprise), which is a state-owned business that imposes and collects a fee from insurance companies (insurers), including the FAIR plan association, that offer homeowner's insurance policies in

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

Colorado, which fee is equal to 1.5% of the dollar amount of the premiums that the insurer collects from homeowners for issuing homeowner's insurance policies (insurer fee).

With the insurer fee revenue, the strengthen homes enterprise board administers a grant program (grant program) to strengthen homes against the risk of future damage claims caused by high winds, wildfire, hail, and other extreme weather events (extreme weather events) by allowing a homeowner to use grant money to upgrade their roof system with certain resilient roof materials. By paying the insurer fee to support the grant program to retrofit homes with resilient roofs, insurers reduce their overall risk in the market due to hail and other extreme weather events.

The bill also creates the wildfire catastrophe reinsurance enterprise (reinsurance enterprise), which is a state-owned business implementing and administering the wildfire catastrophe reinsurance program (reinsurance program). The reinsurance program makes reinsurance payments to insurers that offer homeowner's insurance on properties located in the state to partially mitigate losses in the event of a state or federally declared wildfire-related disaster (wildfire-related disaster). The purpose of the reinsurance program is to stabilize the homeowner's insurance market in the state and to attract and retain homeowner's insurers. In exchange for access to the reinsurance program, the reinsurance program requires insurers to sell homeowner's insurance in areas of the state that are at high risk for wildfires.

To pay for the reinsurance program, the reinsurance enterprise:

- Issues revenue bonds secured by the reinsurance enterprise;
- Issues a catastrophe bond to a person that purchases the bond but pays the principal to cover costs of a wildfire-related disaster if it occurs;
- May impose and collect an insurer fee on insurers to cover a shortfall if a wildfire-related disaster does not occur during the bond term and the reinsurance enterprise has insufficient money to redeem the bonds at maturity; and
- Invests the revenue from the bonds and insurer fees.

In addition, the bill sets the loss ratio for homeowner's insurance by presuming that the rates charged to purchasers are excessive if the insurer's loss ratio is less than 75% over a 3-year period and, if rates are in excess of the loss ratio, requires insurers to submit rates that are at least 5% less than the previous year.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** parts 20 and 21

1 to article 4 of title 10 as follows:

2 PART 20

3 STRENGTHEN COLORADO HOMES ENTERPRISE

4 **10-4-2001. Legislative declaration.** (1) THE GENERAL
5 ASSEMBLY:

6 (a) FINDS AND DETERMINES THAT:

7 (I) INCREASED GREENHOUSE GAS EMISSIONS AND RAPIDLY RISING
8 TEMPERATURES RESULTING FROM HUMAN ACTIVITY ARE CHANGING THE
9 CLIMATE IN WAYS THAT THREATEN COLORADO'S ECONOMY, THE HEALTH
10 OF ITS RESIDENTS, AND ITS NATURAL LANDSCAPE;

11 (II) THESE TEMPERATURE INCREASES HAVE AN IMPACT ON
12 COLORADO'S ENVIRONMENT, WITH DROUGHT, HEAT WAVES, WINDSTORMS,
13 WILDFIRES, HAIL, AND OTHER EXTREME WEATHER EVENTS INCREASING IN
14 RECENT YEARS;

15 (III) THE ECONOMIC IMPACTS OF THESE INCREASINGLY FREQUENT
16 AND SEVERE WEATHER EVENTS ARE SIGNIFICANT;

17 (IV) COLORADO PROPERTY OWNERS IN THE STATE ARE FACED
18 WITH CHALLENGES IN FINDING INSURANCE COVERAGE AND INCREASING
19 INSURANCE PREMIUMS, UNDERMINING THE ABILITY TO PURCHASE, SELL,
20 AND OWN A HOME;

21 (V) THERE IS A NEED IN THE STATE TO ENCOURAGE INVESTMENTS
22 IN HOME HARDENING, WHICH MEANS MAKING HOMES AND COMMUNITIES
23 MORE RESILIENT TO EXTREME WEATHER EVENTS SUCH AS HAIL AND
24 WILDFIRES;

25 (VI) MAKING INVESTMENTS IN HOME HARDENING WILL DECREASE
26 LOSSES THAT WOULD OTHERWISE PREDOMINANTLY BE PAID BY INSURERS
27 AND WILL ALLOW AND ENCOURAGE INSURER PARTICIPATION AND

1 COMPETITION IN THE INSURANCE MARKET TO OFFER COVERAGE
2 THROUGHOUT THE STATE TO ALL COLORADANS, RESULTING IN LONG-TERM
3 SAVINGS FOR HOMEOWNERS AND INSURERS; AND

4 (VII) ACCORDINGLY, IT IS APPROPRIATE TO FINANCE A HOME
5 HARDENING PROGRAM THROUGH A FEE IMPOSED ON HOMEOWNER'S
6 INSURANCE PRODUCTS; AND

7 (b) DECLARES THAT:

8 (I) THE STRENGTHEN COLORADO HOMES ENTERPRISE PROVIDES
9 VALUABLE SERVICES, BENEFITS, AND USEFUL BUSINESS SERVICES TO
10 HOMEOWNERS WHEN, IN EXCHANGE FOR PAYMENT OF THE FEE DESCRIBED
11 IN SECTION 10-4-2003, THE ENTERPRISE USES THE FEE REVENUE TO
12 PROVIDE GRANTS TO HOMEOWNERS TO FORTIFY THE ROOF OF AND
13 OTHERWISE MITIGATE THE RISK OF LOSSES TO AN INSURED PROPERTY
14 RESULTING FROM NATURAL DISASTERS AND EXTREME WEATHER,
15 INCLUDING HAIL, THUS REDUCING RISK AND LOSSES TO HOMEOWNERS AND
16 INSURERS IN THE STATE;

17 (II) BY PROVIDING THE BENEFITS AND SERVICES SPECIFIED IN THIS
18 PART 20, THE STRENGTHEN COLORADO HOMES ENTERPRISE ENGAGES IN
19 ACTIVITIES CONDUCTED IN THE PURSUIT OF A BENEFIT, GAIN, OR
20 LIVELIHOOD AND THEREFORE OPERATES AS A BUSINESS;

21 (III) CONSISTENT WITH THE DETERMINATION OF THE COLORADO
22 SUPREME COURT IN *NICHOLL V. E-470 PUBLIC HIGHWAY AUTHORITY*, 896
23 P.2d 859 (COLO. 1995), THAT THE POWER TO IMPOSE TAXES IS
24 INCONSISTENT WITH ENTERPRISE STATUS UNDER SECTION 20 OF ARTICLE
25 X OF THE STATE CONSTITUTION, THE GENERAL ASSEMBLY CONCLUDES
26 THAT THE REVENUE COLLECTED BY THE ENTERPRISE IS GENERATED BY
27 FEES, NOT TAXES, BECAUSE THE MONEY CREDITED TO THE ENTERPRISE IS:

1 (A) FOR THE SPECIFIC PURPOSE OF ALLOWING THE ENTERPRISE TO
2 DEFRAID THE COSTS OF PROVIDING THE SERVICES DESCRIBED IN THIS PART
3 20;

4 (B) COLLECTED AT RATES THAT ARE REASONABLY CALCULATED
5 BASED ON THE COSTS OF THE SERVICES PROVIDED BY THE ENTERPRISE;
6 AND

7 (C) NOT STATE FISCAL YEAR SPENDING, AS DEFINED IN SECTION
8 24-77-102 (17), OR STATE REVENUES, AS DEFINED IN SECTION 24-77-103.6
9 (6)(c), AND DOES NOT COUNT AGAINST EITHER THE STATE FISCAL YEAR
10 SPENDING LIMIT IMPOSED BY SECTION 20 OF ARTICLE X OF THE STATE
11 CONSTITUTION OR THE EXCESS STATE REVENUES CAP, AS DEFINED IN
12 SECTION 24-77-103.6 (6)(b), SO LONG AS THE ENTERPRISE QUALIFIES AS
13 AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE
14 CONSTITUTION; AND

15 (IV) NO OTHER ENTERPRISE CREATED SIMULTANEOUSLY OR
16 WITHIN THE PRECEDING FIVE YEARS SERVES PRIMARILY THE SAME PURPOSE
17 AS THE ENTERPRISE, AND THE ENTERPRISE WILL GENERATE REVENUE FROM
18 FEES AND SURCHARGES OF LESS THAN ONE HUNDRED MILLION DOLLARS
19 TOTAL IN ITS FIRST FIVE FISCAL YEARS. ACCORDINGLY, THE CREATION OF
20 THE ENTERPRISE DOES NOT REQUIRE VOTER APPROVAL PURSUANT TO
21 SECTION 24-77-108.

22 **10-4-2002. Definitions.** AS USED IN THIS PART 20, UNLESS THE
23 CONTEXT OTHERWISE REQUIRES:

24 (1) "BOARD" OR "ENTERPRISE BOARD" MEANS THE GOVERNING
25 BOARD OF THE STRENGTHEN COLORADO HOMES ENTERPRISE.

26 (2) "FAIR PLAN ASSOCIATION" MEANS THE FAIR ACCESS TO
27 INSURANCE REQUIREMENTS PLAN ASSOCIATION CREATED IN SECTION

1 10-4-1804.

2 (3) "FEE" MEANS THE FEE THAT THE ENTERPRISE IMPOSES AND
3 COLLECTS ■■■ PURSUANT TO SECTION 10-4-2003 (4).

4 (4) "FUND" MEANS THE STRENGTHEN COLORADO HOMES
5 ENTERPRISE FUND CREATED IN SECTION 10-4-2003 (5).

6 (5) "GRANT PROGRAM" MEANS THE STRENGTHEN COLORADO
7 HOMES ENTERPRISE GRANT PROGRAM CREATED IN SECTION 10-4-2004.

8 (6) "RESILIENT ROOF SYSTEM" MEANS THE INTEGRATED ASSEMBLY
9 OF COMPONENTS THAT PROTECT A STRUCTURE FROM ENVIRONMENTAL
10 ELEMENTS, INCLUDING THE ROOF COVERING, UNDERLAYMENT, DECKING,
11 FLASHING, VENTS, SOFFITS, FASCIA, GUTTERS, DOWNSPOUTS, AND
12 STRUCTURAL SUPPORTS. "RESILIENT ROOF SYSTEM" INCLUDES BOTH
13 MATERIALS AND CONSTRUCTION TECHNIQUES THAT ARE DESIGNED TO
14 EXCEED RECOGNIZED PERFORMANCE STANDARDS FOR EXTREME WEATHER
15 EVENTS.

16 (7) "STRENGTHEN COLORADO HOMES ENTERPRISE" OR
17 "ENTERPRISE" MEANS THE STRENGTHEN COLORADO HOMES ENTERPRISE
18 CREATED IN SECTION 10-4-2003 (1).

19 **10-4-2003. Strengthen Colorado homes enterprise - creation**
20 **- purpose - enterprise board - powers and duties - fee - fund - gifts,**
21 **grants, or donations - rules - reporting - repeal. (1) Enterprise -**
22 **creation - purpose. (a) (I) THE STRENGTHEN COLORADO HOMES**
23 **ENTERPRISE IS CREATED IN THE DIVISION. THE ENTERPRISE IS A TYPE 1**
24 **ENTITY, AS DEFINED IN SECTION 24-1-105, AND EXERCISES ITS POWERS**
25 **AND PERFORMS ITS DUTIES AND FUNCTIONS UNDER THE DIVISION. THE**
26 **ENTERPRISE IS AND OPERATES AS A GOVERNMENT-OWNED BUSINESS**
27 **WITHIN THE DIVISION.**

1 (II) THE BUSINESS PURPOSE OF THE ENTERPRISE IS TO IMPOSE AND
2 COLLECT A FEE CHARGED TO CERTAIN HOMEOWNER'S INSURANCE
3 POLICYHOLDERS AND TO USE THE REVENUE FROM THE FEE TO PROVIDE THE
4 FOLLOWING BUSINESS SERVICES TO POLICYHOLDERS PAYING THE FEE:

5 (A) AWARDING GRANTS TO INSURED HOMEOWNERS PURSUANT TO
6 SECTION 10-4-2004 TO DEFRAID THE COST OF RETROFITTING RESIDENTIAL
7 PROPERTY TO RESIST LOSS BY PURCHASING AND INSTALLING RESILIENT
8 ROOF SYSTEMS USING QUALIFIED PROFESSIONALS;

9 (B) THROUGH THE INSTALLATION OF RESILIENT ROOF SYSTEMS ON
10 HOMES IN THE STATE, REDUCING THE FREQUENCY OF HAIL DAMAGE
11 CLAIMS;

12 (C) IMPROVING INSURANCE MARKET STABILITY THROUGHOUT THE
13 STATE; AND

14 (D) REDUCING POLICYHOLDER AND INSURER LOSSES BY
15 INCREASING THE NUMBER OF HOMES WITH RESILIENT ROOF SYSTEMS.

16 (b) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR PURPOSES
17 OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT
18 RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS
19 THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL
20 COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT
21 CONSTITUTES AN ENTERPRISE PURSUANT TO THIS SUBSECTION (1), THE
22 ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE
23 CONSTITUTION.

24 (2) **Enterprise board.** (a) THE ENTERPRISE IS GOVERNED BY THE
25 ENTERPRISE BOARD.

26 (b) THE BOARD CONSISTS OF THE FOLLOWING FIVE VOTING
27 MEMBERS:

1 (I) THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE; AND

2 (II) FOUR MEMBERS APPOINTED BY THE GOVERNOR TO SERVE
3 THREE-YEAR TERMS, INCLUDING:

4 (A) TWO MEMBERS WHO REPRESENT INSURANCE COMPANIES THAT
5 OFFER IN HOMEOWNER'S INSURANCE; [REDACTED]

6 (B) ONE MEMBER WHO HAS EXPERTISE OR EXPERIENCE IN HOME
7 HARDENING AND OTHER MITIGATION ACTIVITIES; AND

8 (C) ONE MEMBER WHO REPRESENTS CONSUMERS.

9 (c) OF THE FIRST MEMBERS APPOINTED TO THE BOARD PURSUANT
10 TO SUBSECTION (2)(b)(II) OF THIS SECTION, TWO MEMBERS SHALL SERVE
11 AN INITIAL TERM OF TWO YEARS.

12 (d) (I) THE GOVERNOR SHALL MAKE THE INITIAL APPOINTMENTS TO
13 THE BOARD NO LATER THAN JANUARY 1, 2026.

14 (II) THIS SUBSECTION (2)(d) IS REPEALED, EFFECTIVE JULY 1, 2027.

15 (e) THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE IS THE
16 CHAIR OF THE BOARD.

17 (f) MEMBERS OF THE BOARD SERVE WITHOUT COMPENSATION BUT
18 MUST BE REIMBURSED FROM MONEY IN THE FUND FOR ACTUAL AND
19 NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF THEIR DUTIES
20 PURSUANT TO THIS PART 20.

21 (g) THE BOARD SHALL CONDUCT THE ENTERPRISE'S BUSINESS AS
22 REQUIRED BY STATE LAW, INCLUDING IN COMPLIANCE WITH THE OPEN
23 MEETING REQUIREMENTS OF PART 4 OF ARTICLE 6 OF TITLE 24 AND THE
24 OPEN RECORD REQUIREMENTS OF ARTICLE 72 OF TITLE 24.

25 (3) **Powers and duties.** (a) THE ENTERPRISE'S PRIMARY POWERS
26 AND DUTIES ARE TO:

27 (I) IMPOSE AND COLLECT THE [REDACTED] FEE [REDACTED] PURSUANT TO SUBSECTION

1 (4) OF THIS SECTION;

2 (II) AWARD GRANTS FROM MONEY IN THE FUND IN ACCORDANCE

3 WITH THE GRANT PROGRAM REQUIREMENTS SPECIFIED IN SECTION

4 10-4-2004;

5 (III) ISSUE REVENUE BONDS FOR THE EXPENSES OF THE

6 ENTERPRISE, SECURED BY REVENUE OF THE ENTERPRISE;

7 (IV) INVEST THE REVENUE FROM THE ISSUANCE AND SALE OF

8 REVENUE BONDS AND THE IMPOSITION AND COLLECTION OF THE FEE. IN

9 INVESTING THE REVENUE, THE ENTERPRISE MAY:

10 (A) INVEST THE REVENUE WITHOUT REGARD TO THE LIMITATIONS

11 SET FORTH IN SECTION 24-36-103, 24-75-601.1, OR 24-75-603; AND

12 (B) ENTER INTO CONTRACTS WITH PRIVATE PROFESSIONAL FUND

13 MANAGERS TO PROVIDE EXPERTISE, TECHNICAL SUPPORT, AND ADVICE ON

14 INVESTMENT MARKET CONDITIONS. IN SEEKING BIDS FOR SUCH

15 CONTRACTS, THE ENTERPRISE SHALL EMPLOY STANDARD PUBLIC BIDDING

16 PRACTICES, INCLUDING THE USE OF REQUESTS FOR INFORMATION,

17 REQUESTS FOR PROPOSALS, OR ANY OTHER STANDARD VENDOR SELECTION

18 PRACTICES DETERMINED BY THE ENTERPRISE TO BE BEST SUITED TO

19 SELECTING AN APPROPRIATE PRIVATE PROFESSIONAL FUND MANAGER.

20 (V) PAY THE ADMINISTRATIVE EXPENSES OF THE ENTERPRISE;

21 (VI) ADOPT, AMEND, OR REPEAL RULES OR POLICIES FOR THE

22 REGULATION OF THE ENTERPRISE'S AFFAIRS AND THE CONDUCT OF THE

23 ENTERPRISE'S BUSINESS CONSISTENT WITH THIS PART 20;

24 (VII) ENGAGE THE SERVICES OF PUBLIC OR PRIVATE ENTITIES,

25 CONTRACTORS, OR CONSULTANTS FOR PROFESSIONAL AND TECHNICAL

26 ASSISTANCE AND TO PROVIDE ADVICE AND OTHER SERVICES RELATED TO

27 CONDUCTING THE AFFAIRS OF THE ENTERPRISE, WITHOUT REGARD TO THE

1 "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24. IN
2 CONDUCTING ITS AFFAIRS, THE ENTERPRISE SHALL:

3 (A) ENGAGE THE ATTORNEY GENERAL'S OFFICE FOR LEGAL
4 SERVICES; AND

5 (B) ENTER INTO A CONTRACT OR CONTRACTS WITH THE DIVISION
6 AT FAIR MARKET RATES FOR OFFICE SPACE AND ADMINISTRATIVE STAFF
7 FOR THE ENTERPRISE; AND

8 (VIII) PREPARE AND SUBMIT AN ANNUAL FINANCIAL REPORT
9 PURSUANT TO SUBSECTION (7) OF THIS SECTION CONCERNING THE
10 ADMINISTRATION OF THE ENTERPRISE AND THE GRANT PROGRAM AND POST
11 THE REPORT ON THE ENTERPRISE'S PUBLIC-FACING WEBSITE.

12 (b) THE ENTERPRISE MAY SEEK, ACCEPT, AND EXPEND GRANTS OR
13 OTHER MONEY FROM THE FEDERAL GOVERNMENT AND GIFTS, GRANTS, OR
14 DONATIONS FROM OTHER PUBLIC AND PRIVATE SOURCES TO SUPPORT AND
15 ENHANCE ENTERPRISE ACTIVITIES; EXCEPT THAT THE ENTERPRISE SHALL
16 NOT ACCEPT GRANTS FROM THE STATE OR FROM LOCAL GOVERNMENTS
17 UNLESS THE COMBINED TOTAL OF ALL GRANTS FROM SUCH SOURCES IS
18 UNDER TEN PERCENT OF THE ENTERPRISE'S ANNUAL REVENUE.

19 (4) **Fee - rules.** (a) BEGINNING IN THE 2026 CALENDAR YEAR ON
20 OR BEFORE A DATE DETERMINED BY THE ENTERPRISE, AND ANNUALLY
21 EACH CALENDAR YEAR THEREAFTER ON OR BEFORE THE SAME DATE, THE
22 ENTERPRISE SHALL IMPOSE A FEE PURSUANT TO SUBSECTION (4)(c) OF THIS
23 SECTION ON EACH POLICYHOLDER OF A HOMEOWNER'S INSURANCE POLICY
24 ISSUED IN THE ADMITTED MARKET COVERING PROPERTY LOCATED IN OR
25 RISKS IN THE STATE ON A PER-POLICY BASIS AND ON EACH POLICYHOLDER
26 OF THE FAIR PLAN ASSOCIATION ON A PER-POLICY BASIS; EXCEPT THAT
27 THE ENTERPRISE SHALL NOT IMPOSE A FEE ON POLICYHOLDERS THAT HAVE

1 A RESILIENT ROOF SYSTEM THAT MEETS THE INSURANCE INSTITUTE FOR
2 BUSINESS AND HOME SAFETY STANDARDS OR SIMILAR STANDARDS, AS
3 DETERMINED BY THE BOARD BY RULE.

4 (b) THE ENTERPRISE SHALL CREDIT THE FEES COLLECTED TO THE
5 FUND. A FEE COLLECTED BY THE ENTERPRISE IS EXCLUDED FROM THE
6 STATE'S FISCAL YEAR SPENDING.

7 (c) (I) THE AMOUNT OF THE FEE IS AN AMOUNT EQUAL TO
8 ONE-HALF PERCENT ON THE PERCENTAGE OF TOTAL PREMIUMS COLLECTED
9 BY EACH INSURER IN THE ADMITTED MARKET AND BY THE FAIR PLAN
10 ASSOCIATION IN THE IMMEDIATELY PRECEDING CALENDAR YEAR ON
11 HOMEOWNER'S INSURANCE POLICIES ISSUED IN THE STATE ON ANY HOME
12 THAT DOES NOT HAVE A RESILIENT ROOF SYSTEM THAT MEETS THE
13 STANDARDS OF THE INSURANCE INSTITUTE FOR BUSINESS AND HOME
14 SAFETY OR SIMILAR STANDARDS, AS DETERMINED BY THE BOARD BY RULE.

15 (II) THE ENTERPRISE MAY LOWER THE FEE OR CEASE COLLECTING
16 THE FEE IN ANY CALENDAR YEAR TO ENSURE THAT THE TOTAL AMOUNT OF
17 FEE REVENUE DOES NOT EXCEED ONE HUNDRED MILLION DOLLARS OVER
18 THE FIRST FIVE FISCAL YEARS OF THE ENTERPRISE'S EXISTENCE.

19 (III) THE FAIR PLAN ASSOCIATION AND EACH INSURER SHALL
20 COLLECT THE FEE FROM THEIR RESPECTIVE POLICYHOLDERS, PAY THE FEE
21 TO THE ENTERPRISE, AND LIST THE FEE AS AN ITEMIZED CHARGE ON THEIR
22 RESPECTIVE INSURANCE POLICY BILLING STATEMENTS.

23 (IV) THE FEE IS NOT A PREMIUM FOR ANY PURPOSE, INCLUDING THE
24 COMPUTATION OF THE GROSS PREMIUM TAX PURSUANT TO SECTION
25 10-3-209 OR AN INSURANCE PRODUCER'S COMMISSION.

26 (d) THE ENTERPRISE MAY ANNUALLY REQUEST FROM INSURERS
27 AND THE FAIR PLAN ASSOCIATION INFORMATION ABOUT POLICIES AND

1 CONTRACTS AS NECESSARY TO IMPLEMENT AND ENFORCE THIS PART 20
2 AND MAY REQUEST THAT THE DIVISION IMPOSE, AFTER A PUBLIC HEARING,
3 A CIVIL FINE OR PENALTY OF NOT MORE THAN ONE HUNDRED TWENTY
4 PERCENT OF THE FEE DUE TO THE ENTERPRISE FOR A VIOLATION OF THIS
5 PART 20. THE DIVISION SHALL CREDIT THE FINE TO THE FUND.

6 (e) THE ENTERPRISE SHALL ADOPT ANY RULES NECESSARY FOR THE
7 IMPOSITION AND COLLECTION OF THE FEE.

8 (5) **Fund.** (a) THE STRENGTHEN COLORADO HOMES ENTERPRISE
9 FUND IS CREATED IN THE STATE TREASURY.

10 (b) THE FUND CONSISTS OF:

11 (I) FEES IMPOSED AND COLLECTED PURSUANT TO SUBSECTION
12 (4) OF THIS SECTION;

13 (II) GRANTS OR OTHER MONEY RECEIVED FROM THE FEDERAL
14 GOVERNMENT OR GIFTS, GRANTS, AND DONATIONS RECEIVED FROM PUBLIC
15 OR PRIVATE SOURCES TO SUPPORT AND ENHANCE ENTERPRISE ACTIVITIES;

16 (III) FINES FOR FAILURE TO COLLECT AND FORWARD THE
17 ENTERPRISE FEE IMPOSED PURSUANT TO SUBSECTION (4) OF THIS SECTION;

18 (IV) ANY MONEY FROM BONDS ISSUED PURSUANT TO SUBSECTION
19 (3)(a)(III) OF THIS SECTION; AND

20 (V) ANY MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE
21 OR TRANSFER TO THE FUND.

22 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
23 ENTERPRISE FOR THE PURPOSES SET FORTH IN THIS PART 20 AND TO PAY
24 THE ENTERPRISE'S REASONABLE AND NECESSARY ADMINISTRATIVE AND
25 OPERATING EXPENSES.

26 (d) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
27 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE

1 FUND TO THE FUND.

2 **(6) Rules.** THE ENTERPRISE BOARD SHALL ADOPT RULES THAT ARE
3 REASONABLE AND NECESSARY FOR ADMINISTRATION AND
4 IMPLEMENTATION OF THE ENTERPRISE AND THE GRANT PROGRAM.

5 **(7) Reporting.** (a) NOTWITHSTANDING SECTION 24-1-136
6 (11)(a)(I), BEGINNING JULY 1, 2027, AND EACH JULY 1 THEREAFTER, THE
7 ENTERPRISE SHALL SUBMIT A REPORT TO THE COMMITTEES OF REFERENCE
8 OF THE GENERAL ASSEMBLY TO WHICH THE DEPARTMENT IS ASSIGNED
9 PURSUANT TO SECTION 2-7-203 CONCERNING THE ADMINISTRATION AND
10 IMPLEMENTATION OF THE ENTERPRISE AND THE GRANT PROGRAM.

11 (b) THE ANNUAL REPORT MUST INCLUDE:

12 (I) THE AMOUNT OF FEES COLLECTED BY INSURERS AND THE FAIR
13 PLAN ASSOCIATION, AND THE UNOBLIGATED BALANCE OF THE FUND;

14 (II) THE NUMBER OF GRANT APPLICATIONS AND THE AMOUNT OF
15 GRANTS AWARDED;

16 (III) THE AREAS OF THE STATE WHERE GRANT RECIPIENTS RESIDE;
17 AND

18 (IV) ANY OTHER INFORMATION RELEVANT TO THE SUCCESS OF THE
19 ENTERPRISE AND THE GRANT PROGRAM.

20 **10-4-2004. Strengthen Colorado homes enterprise grant**
21 **program - application - eligibility criteria - award of grants - rules.**

22 (1) THERE IS CREATED IN THE ENTERPRISE THE STRENGTHEN COLORADO
23 HOMES ENTERPRISE GRANT PROGRAM TO PROVIDE GRANTS TO COLORADO
24 HOMEOWNERS TO RETROFIT RESIDENTIAL PROPERTY TO RESIST LOSS DUE
25 TO COMMON PERILS, INCLUDING HAIL, WINDSTORMS, WILDFIRE, AND
26 OTHER EXTREME WEATHER EVENTS.

27 (2) (a) SUBJECT TO AVAILABLE FEE REVENUE, THE ENTERPRISE

1 BOARD SHALL AWARD GRANTS, IN ACCORDANCE WITH THIS SECTION, FROM
2 THE FUND. THE BOARD MAY ESTABLISH PROCEDURES AND CRITERIA FOR
3 THE AWARD OF GRANTS IF THERE IS INSUFFICIENT MONEY IN THE FUND TO
4 AWARD GRANTS TO ALL ELIGIBLE HOMEOWNER APPLICANTS.

5 (b) THE BOARD MAY CONTRACT WITH A THIRD-PARTY VENDOR TO
6 ADMINISTER THE GRANT PROGRAM.

7 (3) IN ADDITION TO ANY GRANT PROGRAM CRITERIA ESTABLISHED
8 BY THE BOARD BY RULE, A HOMEOWNER AWARDED A GRANT SHALL:

9 (a) HAVE AN INSURABLE RESIDENTIAL PROPERTY LOCATED IN
10 COLORADO THAT IS COVERED BY A HOMEOWNER'S INSURANCE POLICY OR
11 A POLICY ISSUED BY THE FAIR PLAN ASSOCIATION;

12 (b) OBTAIN ALL PERMITS REQUIRED BY LAW FOR CONSTRUCTION;

13 (c) COMPLY WITH ALL APPLICABLE BUILDING CODES;

14 (d) ARRANGE AND PAY FOR INSPECTIONS REQUIRED BY LAW AND
15 THE TERMS OF THE GRANT PROGRAM;

16 (e) CONSTRUCT A ROOF THAT MEETS THE STANDARDS OF THE
17 INSURANCE INSTITUTE FOR BUSINESS AND HOME SAFETY OR SIMILAR
18 STANDARDS, AS DETERMINED BY THE BOARD BY RULE; AND

19 (f) SELECT A CONTRACTOR LICENSED IN THE STATE WHO IS A
20 MEMBER OF THE COLORADO ROOFING ASSOCIATION OR AN EQUIVALENT
21 QUALIFYING BODY THAT MAINTAINS STANDARDS FOR LICENSING,
22 INSURANCE, AND PROFESSIONAL CONDUCT.

23 (4) THE BOARD MAY PERFORM AUDITS TO VERIFY:

24 (a) THE ACCURACY OF THE INFORMATION INCLUDED IN AN
25 APPLICATION; AND

26 (b) THAT THE APPLICANT MEETS ALL ELIGIBILITY CRITERIA.

27 (5) A HOMEOWNER SHALL NOT USE MONEY THAT IS AWARDED AS

1 A GRANT TO PAY FOR GENERAL ROOF MAINTENANCE OR REPAIR, BUT MAY
2 USE GRANT MONEY IN CONJUNCTION WITH REPAIRS OR RECONSTRUCTION
3 NECESSITATED BY DAMAGE FROM WIND, HAIL, WILDFIRE, OR OTHER
4 EXTREME WEATHER EVENTS OR FOR PROACTIVE RETROFITTING
5 NECESSITATED BY OR DESIGNED TO PREVENT SUCH DAMAGE.

6 (6) (a) THE ENTERPRISE BOARD SHALL ADOPT RULES FOR THE
7 ADMINISTRATION AND IMPLEMENTATION OF THE GRANT PROGRAM,
8 INCLUDING THE STANDARDS FOR A RESILIENT ROOF SYSTEM, THE CRITERIA
9 USED TO DETERMINE WHETHER AN APPLICANT IS ELIGIBLE FOR A GRANT
10 UNDER THIS SECTION, AND THE AMOUNT AND TIMING OF THE GRANT
11 AWARD. IN ADOPTING ELIGIBILITY REQUIREMENTS FOR THE GRANTS, THE
12 BOARD MAY TAKE INTO CONSIDERATION APPLICANT INCOME, WHETHER AN
13 APPLICANT LIVES IN A LOCATION THAT, BASED ON HISTORICAL DATA, HAS
14 A HIGHER SUSCEPTIBILITY TO EXTREME WEATHER EVENTS, THE NUMBER
15 OF APPLICANTS, AND ANY OTHER CRITERIA THE BOARD DETERMINES IS
16 APPROPRIATE TO MEET THE PURPOSE OF THE ENTERPRISE AND THE MONEY
17 AVAILABLE FOR GRANTS.

18 (b) IN ADOPTING RESILIENT ROOF SYSTEM STANDARDS, THE BOARD
19 MAY PRIORITIZE THE USE OF MATERIALS PROVEN TO OFFER SUPERIOR
20 PROTECTIONS AGAINST EXTREME WEATHER EVENTS AND MAY INCENTIVIZE
21 REDUCED ENVIRONMENTAL IMPACTS.

22 (c) THE BOARD MAY ALSO ADOPT RULES TO ENCOURAGE
23 CONTRACTORS TO COMPLETE SPECIALIZED TRAINING IN THE INSTALLATION
24 OF IMPACT-RESISTANT AND FIRE-RESISTANT ROOFING SYSTEMS.

25 (7) NOTHING IN THIS SECTION CREATES:

26 (a) AN ENTITLEMENT FOR A HOMEOWNER TO RECEIVE GRANT
27 MONEY TO INSPECT OR RETROFIT RESIDENTIAL PROPERTY; OR

1 (b) AN OBLIGATION FOR THE STATE TO APPROPRIATE MONEY TO
2 INSPECT OR RETROFIT RESIDENTIAL PROPERTY.

3 **10-4-2005. Severability.** IF ANY PROVISION OF THIS PART 20 OR
4 THE APPLICATION THEREOF TO ANY PERSON OR CIRCUMSTANCE IS HELD
5 INVALID, SUCH INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR
6 APPLICATIONS OF THIS PART 20 THAT CAN BE GIVEN EFFECT WITHOUT THE
7 INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF
8 THIS PART 20 ARE DECLARED TO BE SEVERABLE.

9 **10-4-2006. Repeal of part - subject to review.** THIS PART 20 IS
10 REPEALED, EFFECTIVE SEPTEMBER 1, 2035. BEFORE THE REPEAL, THE
11 ENTERPRISE AND THE GRANT PROGRAM ARE SCHEDULED FOR REVIEW IN
12 ACCORDANCE WITH SECTION 24-34-104.

13 PART 21

14 WILDFIRE CATASTROPHE REINSURANCE ENTERPRISE

15 **10-4-2101. Legislative declaration.** (1) THE GENERAL
16 ASSEMBLY:

17 (a) FINDS AND DETERMINES THAT:

18 (I) INCREASED GREENHOUSE GAS EMISSIONS AND RAPIDLY RISING
19 TEMPERATURES ARE CHANGING THE CLIMATE IN WAYS THAT THREATEN
20 COLORADO'S ECONOMY, THE HEALTH OF ITS RESIDENTS, AND ITS NATURAL
21 LANDSCAPE;

22 (II) THE CHANGING CLIMATE IS ALREADY IMPACTING COLORADO'S
23 ENVIRONMENT, WITH DROUGHT, HEAT WAVES, HIGH WINDSTORMS,
24 WILDFIRES, AND OTHER EXTREME WEATHER EVENTS INCREASING IN SIZE
25 AND SEVERITY IN RECENT YEARS;

26 (III) THE ECONOMIC IMPACTS OF THESE EXTREME WEATHER
27 EVENTS ON COLORADO AND ITS RESIDENTS ARE SIGNIFICANT, ESPECIALLY

1 THE IMPACTS FROM WILDFIRES;

2 (IV) COLORADO PROPERTY OWNERS ARE FACED WITH CHALLENGES
3 IN FINDING INSURANCE COVERAGE AND IN PAYING INCREASING INSURANCE
4 PREMIUMS, UNDERMINING THE ABILITY OF COLORADANS TO PURCHASE,
5 SELL, AND OWN A HOME;

6 (V) ESTABLISHING A REINSURANCE PROGRAM TO COVER CERTAIN
7 HOMEOWNER LOSSES CAUSED BY WILDFIRES WILL DECREASE LOSSES TO
8 INSURERS, PROVIDE MORE PREDICTABILITY FOR INSURERS, AND
9 ENCOURAGE INSURER COMPETITION AND PARTICIPATION IN THE
10 HOMEOWNER'S INSURANCE MARKET;

11 (VI) ROBUST PARTICIPATION BY INSURERS IN THE HOMEOWNER'S
12 INSURANCE MARKET IS NECESSARY TO ENSURE AFFORDABLE
13 HOMEOWNER'S INSURANCE COVERAGE THROUGHOUT THE STATE TO ALL
14 COLORADANS, INCLUDING THOSE IN AREAS OF THE STATE AT HIGH RISK
15 FOR WILDFIRES; AND

16 (VII) ACCORDINGLY, IT IS APPROPRIATE TO CREATE A
17 REINSURANCE PROGRAM TO MITIGATE CATASTROPHIC LOSSES TO INSURERS
18 FROM STATE OR FEDERALLY DECLARED WILDFIRE-RELATED DISASTERS
19 AND, IN EXCHANGE FOR THAT SERVICE, TO PROVIDE MONEY FOR THE
20 REINSURANCE PROGRAM BY ISSUING REVENUE BONDS AND IMPOSING A
21 FEE ON HOMEOWNER'S INSURANCE POLICYHOLDERS; AND

22 (b) DECLARES THAT:

23 (I) THE INSURER FEE IS REASONABLY RELATED TO THE OVERALL
24 COST OF THE SERVICE PROVIDED IN THIS PART 21 AND IS IMPOSED ON
25 INSURERS IN THE STATE THAT WILL BENEFIT FROM OR USE THE SERVICE
26 PROVIDED BY THE WILDFIRE CATASTROPHE REINSURANCE ENTERPRISE;

27 (II) BY PROVIDING THE BENEFITS AND SERVICES SPECIFIED IN THIS

1 PART 21, THE ENTERPRISE ENGAGES IN ACTIVITIES CONDUCTED IN THE
2 PURSUIT OF A BENEFIT, GAIN, OR LIVELIHOOD AND THEREFORE OPERATES
3 AS A BUSINESS;

4 (III) CONSISTENT WITH THE DETERMINATION OF THE COLORADO
5 SUPREME COURT IN *NICHOLL V. E-470 PUBLIC HIGHWAY AUTHORITY*, 896
6 P.2d 859 (COLO. 1995), THAT THE POWER TO IMPOSE TAXES IS
7 INCONSISTENT WITH ENTERPRISE STATUS UNDER SECTION 20 OF ARTICLE
8 X OF THE STATE CONSTITUTION, THE GENERAL ASSEMBLY CONCLUDES
9 THAT THE REVENUE COLLECTED BY THE ENTERPRISE IS GENERATED BY
10 FEES, NOT TAXES, BECAUSE THE MONEY CREDITED TO THE ENTERPRISE IS:

11 (A) FOR THE SPECIFIC PURPOSE OF ALLOWING THE ENTERPRISE TO
12 DEFRAID THE COSTS OF PROVIDING THE SERVICES DESCRIBED IN THIS PART
13 21;


14 (B) COLLECTED AT RATES THAT ARE REASONABLY CALCULATED
15 BASED ON THE COSTS OF THE SERVICES PROVIDED BY THE ENTERPRISE;
16 AND

17 (C) NOT STATE FISCAL YEAR SPENDING, AS DEFINED IN SECTION
18 24-77-102 (17), OR STATE REVENUES, AS DEFINED IN SECTION 24-77-103.6
19 (6)(c), AND DOES NOT COUNT AGAINST EITHER THE STATE FISCAL YEAR
20 SPENDING LIMIT IMPOSED BY SECTION 20 OF ARTICLE X OF THE STATE
21 CONSTITUTION OR THE EXCESS STATE REVENUES CAP, AS DEFINED IN
22 SECTION 24-77-103.6 (6)(b), SO LONG AS THE ENTERPRISE QUALIFIES AS
23 AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE
24 CONSTITUTION; AND

25 (IV) NO OTHER ENTERPRISE CREATED SIMULTANEOUSLY OR
26 WITHIN THE PRECEDING FIVE YEARS SERVES PRIMARILY THE SAME PURPOSE
27 AS THE ENTERPRISE, AND THE ENTERPRISE WILL GENERATE REVENUE FROM

1 FEES AND SURCHARGES OF LESS THAN ONE HUNDRED MILLION DOLLARS
2 TOTAL IN ITS FIRST FIVE FISCAL YEARS. ACCORDINGLY, THE CREATION OF
3 THE ENTERPRISE DOES NOT REQUIRE VOTER APPROVAL PURSUANT TO
4 SECTION 24-77-108.

5 **10-4-2102. Definitions.** AS USED IN THIS PART 21, UNLESS THE
6 CONTEXT OTHERWISE REQUIRES:

7 
8 (1) "ELIGIBLE INSURER" MEANS AN INSURER IN THE ADMITTED
9 MARKET THAT:

10 (a) OFFERS HOMEOWNER'S INSURANCE ON PROPERTY LOCATED IN
11 THE STATE;

12 (b) INCURS CLAIMS COSTS AS A RESULT OF A STATE OR FEDERALLY
13 DECLARED WILDFIRE-RELATED DISASTER; AND

14 (c) WRITES POLICIES FOR A PROPORTIONAL SHARE OF RISK IN
15 AREAS AT HIGHEST RISK OF WILDFIRES IN THE STATE, AS DETERMINED BY
16 THE COMMISSIONER.

17 (2) "ENTERPRISE" MEANS THE WILDFIRE CATASTROPHE
18 REINSURANCE ENTERPRISE CREATED IN SECTION 10-4-2103 (1).

19 (3) "ENTERPRISE BOARD" OR "BOARD" MEANS THE GOVERNING
20 BOARD OF THE ENTERPRISE CREATED IN SECTION 10-4-2103 (2).

21 (4) "FUND" MEANS THE WILDFIRE CATASTROPHE REINSURANCE
22 ENTERPRISE FUND CREATED IN SECTION 10-4-2103 (6).

23 (5) "INSURER FEE" MEANS A FEE IMPOSED BY THE ENTERPRISE
24 PURSUANT TO SECTION 10-4-2103 (4).

25 (6) "REINSURANCE PAYMENT" MEANS A PAYMENT TO AN ELIGIBLE
26 INSURER THROUGH THE REINSURANCE PROGRAM.

27 (7) "REINSURANCE PROGRAM" MEANS THE WILDFIRE CATASTROPHE

1 REINSURANCE PROGRAM CREATED IN SECTION 10-4-2104.

2 (8) "REVENUE BOND" MEANS A BOND, NOTE, OR OTHER SECURITY
3 EVIDENCING AN OBLIGATION AND ISSUED BY THE ENTERPRISE PURSUANT
4 TO SECTION 10-4-2103.

5 **10-4-2103. Wildfire catastrophe reinsurance enterprise -**
6 **creation - purpose - board - powers and duties - insurer fee - advisory**
7 **committee - fund - gifts, grants, or donations - rules - reporting -**
8 **repeal. (1) Enterprise - creation - purpose. (a) THE WILDFIRE**
9 **CATASTROPHE REINSURANCE ENTERPRISE IS CREATED IN THE DIVISION.**
10 **THE ENTERPRISE IS A TYPE 1 ENTITY, AS DEFINED IN SECTION 24-1-105,**
11 **AND EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND FUNCTIONS**
12 **UNDER THE DIVISION. THE ENTERPRISE IS AND OPERATES AS A**
13 **GOVERNMENT-OWNED BUSINESS WITHIN THE DIVISION.**

14 (b) THE BUSINESS PURPOSE OF THE ENTERPRISE IS TO:

15 (I) PROVIDE STABILITY IN THE HOMEOWNER'S INSURANCE MARKET
16 BY IMPLEMENTING AND ADMINISTERING THE REINSURANCE PROGRAM FOR
17 THE BENEFIT OF INSURERS TO COVER A PORTION OF INSURER LOSSES
18 RESULTING FROM A STATE OR FEDERALLY DECLARED WILDFIRE-RELATED
19 DISASTER;

20 (II) PROVIDE MONEY FOR THE REINSURANCE PROGRAM BY
21 IMPOSING AND COLLECTING AN INSURER FEE ON INSURERS OFFERING
22 HOMEOWNER'S INSURANCE ON PROPERTY LOCATED IN THE STATE, SELLING
23 REVENUE BONDS, AND INVESTING THE REVENUE FROM THE FEES AND
24 BONDS TO PROVIDE MONEY FOR THE REINSURANCE;

25 (III) INCENTIVIZE THE OFFER OF HOMEOWNER'S INSURANCE
26 COVERAGE FOR PROPERTY THROUGHOUT THE STATE, WHICH IS EXPECTED
27 TO INCREASE COMPETITION AMONG INSURERS AND MAKE INSURANCE MORE

1 AFFORDABLE TO PURCHASE, RESULTING IN A REDUCTION IN THE
2 CONCENTRATION OF RISK TO INSURERS IN AREAS OF THE STATE AT HIGHEST
3 RISK OF INSURER LOSSES DUE TO WILDFIRES; AND

4 (IV) ENHANCE INSURERS' CUSTOMER RETENTION BY ADDRESSING
5 CHALLENGES TO THE AFFORDABILITY AND AVAILABILITY OF HOUSING IN
6 THE STATE AND REDUCE THE OVERALL RISK FOR INSURERS OFFERING
7 HOMEOWNER'S INSURANCE.

8 (c) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR PURPOSES
9 OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT
10 RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS
11 THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL
12 COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT
13 CONSTITUTES AN ENTERPRISE PURSUANT TO THIS SUBSECTION (1), THE
14 ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE
15 CONSTITUTION.

16 (2) **Enterprise board.** (a) THE ENTERPRISE IS GOVERNED BY THE
17 ENTERPRISE BOARD.

18 (b) THE BOARD CONSISTS OF THE FOLLOWING FIVE VOTING
19 MEMBERS:

20 (I) THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE; AND

21 (II) FOUR MEMBERS APPOINTED BY THE GOVERNOR TO SERVE
22 THREE-YEAR TERMS, INCLUDING:

23 (A) ONE MEMBER WHO REPRESENTS AN INSURANCE COMPANY AND
24 HAS EXPERTISE IN UNDERWRITING AND PRICING HOMEOWNER'S
25 INSURANCE; [REDACTED]

26 (B) ONE MEMBER WHO REPRESENTS AN INSURANCE COMPANY AND
27 HAS EXPERTISE IN FINANCING AND INVESTMENTS; [REDACTED]

1 (C) ONE MEMBER WHO IS A CONSUMER; AND

2 (D) ONE MEMBER WHO HAS EXPERTISE IN REINSURANCE.

3 (c) OF THE FIRST MEMBERS APPOINTED TO THE BOARD PURSUANT
4 TO SUBSECTION (2)(b)(II) OF THIS SECTION, TWO MEMBERS SHALL SERVE
5 AN INITIAL TERM OF TWO YEARS.

6 (d) THE COMMISSIONER OR THE COMMISSIONER'S DESIGNEE IS THE
7 CHAIR OF THE BOARD.

8 (e) (I) THE GOVERNOR SHALL MAKE INITIAL APPOINTMENTS TO THE
9 BOARD NO LATER THAN JANUARY 1, 2026.

10 (II) THIS SUBSECTION (2)(e) IS REPEALED, EFFECTIVE JULY 1, 2027.

11 (f) MEMBERS OF THE BOARD SERVE WITHOUT COMPENSATION BUT
12 MUST BE REIMBURSED FROM MONEY IN THE FUND FOR ACTUAL AND
13 NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF THEIR DUTIES
14 PURSUANT TO THIS PART 21.

15 (g) THE BOARD SHALL CONDUCT THE ENTERPRISE'S BUSINESS AS
16 REQUIRED BY STATE LAW, INCLUDING IN COMPLIANCE WITH THE OPEN
17 MEETING REQUIREMENTS OF PART 4 OF ARTICLE 6 OF TITLE 24 AND THE
18 OPEN RECORD REQUIREMENTS OF ARTICLE 72 OF TITLE 24.

19 (3) **Powers and duties.** (a) AS DETERMINED BY THE BOARD, THE
20 ENTERPRISE SHALL ENGAGE IN ACTIVITIES THAT:

21 (I) SEEK TO ADDRESS THE AFFORDABILITY CHALLENGES FACED BY
22 COLORADANS IN PURCHASING HOMEOWNER'S INSURANCE;


23 (II) ENHANCE COMPETITION IN THE HOMEOWNER'S INSURANCE
24 MARKET THROUGHOUT THE STATE;

25 (III) INCENTIVIZE INSURERS TO OFFER HOMEOWNER'S INSURANCE
26 COVERAGE IN AREAS OF THE STATE AT HIGH RISK FOR DAMAGE OR LOSS
27 DUE TO WILDFIRES;


1 (IV) ENSURE INSURERS ARE OFFERING COVERAGE THROUGHOUT
2 THE STATE; AND

3 (V) ENSURE INSURERS ARE PROPERLY ADMINISTERING CLAIMS
4 ASSOCIATED WITH STATE OR FEDERALLY DECLARED WILDFIRE-RELATED
5 DISASTERS FOR WHICH THE ENTERPRISE MAKES REINSURANCE PAYMENTS
6 PURSUANT TO SECTION 10-4-2104.

7 (b) IN FURTHERANCE OF ITS BUSINESS PURPOSE, THE ENTERPRISE'S
8 PRIMARY POWERS AND DUTIES ARE TO:

9 
10 (I) ISSUE REVENUE BONDS FOR THE EXPENSES OF THE ENTERPRISE,
11 SECURED BY REVENUE OF THE ENTERPRISE;

12 (II) IMPOSE AND COLLECT THE INSURER FEE PURSUANT TO
13 SUBSECTION (4) OF THIS SECTION AND TO REQUIRE REPORTING FROM
14 INSURERS;

15 (III) INVEST THE REVENUE FROM THE ISSUANCE OF  REVENUE
16 BONDS AND THE INSURER FEE. IN INVESTING THE REVENUE, THE
17 ENTERPRISE MAY:

18 (A) INVEST THE REVENUE WITHOUT REGARD TO THE LIMITATIONS
19 SET FORTH IN SECTION 24-36-103, 24-75-601.1, OR 24-75-603; AND

20 (B) ENTER INTO CONTRACTS WITH PRIVATE PROFESSIONAL FUND
21 MANAGERS TO PROVIDE EXPERTISE, TECHNICAL SUPPORT, AND ADVICE ON
22 INVESTMENT MARKET CONDITIONS. IN SEEKING BIDS FOR SUCH
23 CONTRACTS, THE ENTERPRISE SHALL EMPLOY STANDARD PUBLIC BIDDING
24 PRACTICES, INCLUDING THE USE OF REQUESTS FOR INFORMATION,
25 REQUESTS FOR PROPOSALS, OR ANY OTHER STANDARD VENDOR SELECTION
26 PRACTICES DETERMINED BY THE ENTERPRISE TO BE BEST SUITED TO
27 SELECTING AN APPROPRIATE PRIVATE PROFESSIONAL FUND MANAGER.

1 (IV) PURCHASE REINSURANCE FROM THE PRIVATE MARKET;
2 (V) MAKE REINSURANCE PAYMENTS TO ELIGIBLE INSURERS IN
3 ACCORDANCE WITH SECTION 10-4-2104;
4 (VI) PAY THE ADMINISTRATIVE EXPENSES OF THE ENTERPRISE;
5 (VII) ADOPT, AMEND, OR REPEAL RULES OR POLICIES FOR THE
6 REGULATION OF THE ENTERPRISE'S AFFAIRS AND THE CONDUCT OF THE
7 ENTERPRISE'S BUSINESS CONSISTENT WITH THIS PART 21;
8 (VIII) ENGAGE THE SERVICES OF PUBLIC OR PRIVATE ENTITIES,
9 CONTRACTORS, OR CONSULTANTS FOR PROFESSIONAL AND TECHNICAL
10 ASSISTANCE AND TO PROVIDE ADVICE AND OTHER SERVICES RELATED TO
11 CONDUCTING THE AFFAIRS OF THE ENTERPRISE, WITHOUT REGARD TO THE
12 "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24. IN
13 CONDUCTING ITS AFFAIRS, THE ENTERPRISE SHALL:
14 (A) ENGAGE THE ATTORNEY GENERAL'S OFFICE FOR LEGAL
15 SERVICES; AND
16 (B) ENTER INTO A CONTRACT OR CONTRACTS WITH THE DIVISION
17 AT FAIR MARKET RATES FOR OFFICE SPACE AND ADMINISTRATIVE STAFF
18 FOR THE ENTERPRISE; AND
19 (IX) PREPARE AND SUBMIT AN ANNUAL FINANCIAL REPORT
20 PURSUANT TO SUBSECTION (8) OF THIS SECTION CONCERNING THE
21 ADMINISTRATION OF THE ENTERPRISE AND THE REINSURANCE PROGRAM
22 AND POST THE REPORT ON THE ENTERPRISE'S PUBLIC-FACING WEBSITE.
23 (c) THE ENTERPRISE MAY SEEK, ACCEPT, AND EXPEND GRANTS OR
24 OTHER MONEY FROM THE FEDERAL GOVERNMENT AND GIFTS, GRANTS, OR
25 DONATIONS FROM OTHER PUBLIC AND PRIVATE SOURCES TO SUPPORT AND
26 ENHANCE ENTERPRISE ACTIVITIES; EXCEPT THAT THE ENTERPRISE SHALL
27 NOT ACCEPT GRANTS FROM THE STATE OR FROM LOCAL GOVERNMENTS

1 UNLESS THE COMBINED TOTAL OF ALL GRANTS FROM SUCH SOURCES IS
2 UNDER TEN PERCENT OF THE ENTERPRISE'S ANNUAL REVENUE.

3 (4) **Fee - rules.** (a) BEGINNING IN THE 2026 CALENDAR YEAR ON
4 OR BEFORE A DATE DETERMINED BY THE ENTERPRISE, AND ANNUALLY
5 EACH CALENDAR YEAR THEREAFTER ON OR BEFORE THE SAME DATE, THE
6 ENTERPRISE SHALL IMPOSE A FEE PURSUANT TO SUBSECTION (4)(b) OF THIS
7 SECTION ON A PER-POLICY BASIS ON EACH POLICYHOLDER OF A
8 HOMEOWNER'S INSURANCE POLICY ISSUED IN THE ADMITTED MARKET
9 COVERING PROPERTY LOCATED IN OR RISKS IN THE STATE; EXCEPT THAT
10 THE ENTERPRISE SHALL NOT IMPOSE A FEE ON POLICYHOLDERS THAT HAVE
11 MITIGATED THE COVERED PROPERTY TO MEET THE INSURANCE INSTITUTE
12 FOR BUSINESS AND HOME SAFETY WILDFIRE MITIGATION STANDARDS OR
13 SIMILAR STANDARDS, AS DETERMINED BY THE BOARD BY RULE.

14 (b) THE AMOUNT OF THE FEE IS AN AMOUNT EQUAL TO ONE-HALF
15 PERCENT ON THE PERCENTAGE OF TOTAL PREMIUMS COLLECTED BY EACH
16 INSURER IN THE ADMITTED MARKET IN THE IMMEDIATELY PRECEDING
17 CALENDAR YEAR ON HOMEOWNER'S INSURANCE POLICIES ISSUED IN THE
18 STATE.

19 (c) EACH INSURER SHALL COLLECT THE FEE FROM ITS
20 POLICYHOLDERS, PAY THE FEE TO THE ENTERPRISE, AND LIST THE FEE AS
21 AN ITEMIZED CHARGE ON ITS INSURANCE POLICY BILLING STATEMENTS.

22 (d) THE FEE IS NOT A PREMIUM FOR ANY PURPOSE, INCLUDING THE
23 COMPUTATION OF THE GROSS PREMIUM TAX PURSUANT TO SECTION
24 10-3-209 OR AN INSURANCE PRODUCER'S COMMISSION.

25 (e) THE ENTERPRISE SHALL ADOPT ANY RULES NECESSARY FOR THE
26 IMPOSITION AND COLLECTION OF THE FEE.

27 (5) **Advisory committee.** THE BOARD MAY ESTABLISH AN

1 ADVISORY COMMITTEE CONSISTING OF UP TO FIVE INDIVIDUALS WITH
2 EXPERTISE IN FINANCING AND BONDING MECHANISMS AND INVESTMENTS
3 TO ADVISE THE BOARD ON ITS ISSUANCE AND MANAGEMENT OF [REDACTED]
4 REVENUE BONDS AND THE FINANCING OF THE ENTERPRISE AND
5 REINSURANCE PROGRAM.

6 (6) **Fund.** (a) THE WILDFIRE CATASTROPHE REINSURANCE
7 ENTERPRISE FUND IS CREATED IN THE STATE TREASURY.

8 (b) THE FUND CONSISTS OF:

9 (I) THE INSURER FEE IMPOSED ON HOMEOWNER'S INSURANCE
10 POLICYHOLDERS PURSUANT TO SUBSECTION (4) OF THIS SECTION;

11 (II) REVENUE FROM [REDACTED] REVENUE BONDS ISSUED BY THE
12 ENTERPRISE;

13 (III) MONEY FROM INVESTMENTS OF FEES COLLECTED AND [REDACTED]
14 REVENUE BOND PURCHASE PAYMENTS;

15 (IV) GRANTS OR OTHER MONEY RECEIVED FROM THE FEDERAL
16 GOVERNMENT OR GIFTS, GRANTS, OR DONATIONS RECEIVED FROM OTHER
17 PUBLIC OR PRIVATE SOURCES TO SUPPORT AND ENHANCE ENTERPRISE
18 ACTIVITIES; AND

19 (V) ANY MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE
20 OR TRANSFER TO THE FUND.

21 (c) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
22 ENTERPRISE FOR THE ADMINISTRATION AND IMPLEMENTATION OF THIS
23 PART 21, INCLUDING FOR REINSURANCE PAYMENTS MADE UNDER THE
24 REINSURANCE PROGRAM AND OTHER ALLOWABLE PURPOSES UNDER THIS
25 PART 21.

26 (d) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
27 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE

1 FUND TO THE FUND.

2 (e) THE ENTERPRISE SHALL CREDIT THE INSURER FEE COLLECTED
3 TO THE FUND. A FEE COLLECTED BY THE ENTERPRISE IS EXCLUDED FROM
4 THE STATE'S FISCAL YEAR SPENDING.

5 (f) THE ENTERPRISE MAY LOWER THE INSURER FEE OR CEASE
6 COLLECTING THE FEE IN ANY CALENDAR YEAR TO ENSURE THAT THE TOTAL
7 AMOUNT OF FEE REVENUE DOES NOT EXCEED ONE HUNDRED MILLION
8 DOLLARS OVER THE FIRST FIVE FISCAL YEARS OF THE ENTERPRISE'S
9 EXISTENCE.

10

11 (7) **Rules.** THE ENTERPRISE BOARD SHALL ADOPT RULES THAT ARE
12 REASONABLE AND NECESSARY FOR THE IMPLEMENTATION AND
13 ADMINISTRATION OF THE ENTERPRISE, INCLUDING RULES RELATING TO THE
14 INSURER FEE, THE ISSUANCE OF REVENUE BONDS, AND REINSURANCE
15 PAYMENTS MADE PURSUANT TO THE REINSURANCE PROGRAM.

16 (8) **Reporting.** (a) NOTWITHSTANDING SECTION 24-1-136
17 (11)(a)(I), BEGINNING JULY 1, 2027, AND EACH JULY 1 THEREAFTER, THE
18 ENTERPRISE SHALL SUBMIT A REPORT TO THE COMMITTEES OF REFERENCE
19 OF THE GENERAL ASSEMBLY TO WHICH THE DEPARTMENT IS ASSIGNED
20 PURSUANT TO SECTION 2-7-203 CONCERNING THE ADMINISTRATION AND
21 IMPLEMENTATION OF THE ENTERPRISE AND THE REINSURANCE PROGRAM.

22 (b) THE ANNUAL REPORT MUST INCLUDE:

23 (I) THE AMOUNT COLLECTED THROUGH THE ISSUANCE OF
24 REVENUE BONDS AND THROUGH THE IMPOSITION OF THE INSURER FEE, IF
25 IMPOSED, MONEY EARNED THROUGH INVESTMENTS, AND THE
26 UNOBLIGATED BALANCE OF THE FUND;

27 (II) THE EFFECT OF THE ENTERPRISE ON THE AVAILABILITY AND

1 AFFORDABILITY OF HOMEOWNER'S INSURANCE IN THE STATE; AND
2 (III) ANY OTHER INFORMATION RELEVANT TO THE SUCCESS OF THE
3 ENTERPRISE AND THE REINSURANCE PROGRAM.

4 **10-4-2104. Reinsurance program - creation - operation -**
5 **payment parameters - calculation of reinsurance payments - eligible**
6 **insurer requests - rules - definition.** (1) THERE IS CREATED IN THE
7 ENTERPRISE THE WILDFIRE CATASTROPHE REINSURANCE PROGRAM TO
8 PROVIDE REINSURANCE PAYMENTS TO ELIGIBLE INSURERS. THE
9 OBJECTIVES OF THE REINSURANCE PROGRAM ARE TO:

10 (a) ADDRESS THE CHALLENGES FACED BY COLORADANS IN
11 AFFORDING HOMEOWNER'S INSURANCE;

12 (b) ENHANCE COMPETITION IN THE HOMEOWNER'S INSURANCE
13 MARKET THROUGHOUT THE STATE;

14 (c) INCENTIVIZE INSURERS TO OFFER HOMEOWNER'S INSURANCE
15 COVERAGE IN AREAS OF THE STATE AT HIGH RISK FOR DAMAGE OR LOSS
16 DUE TO WILDFIRES;

17 (d) ENSURE INSURERS ARE OFFERING COVERAGE THROUGHOUT THE
18 STATE; AND

19 (e) ENSURE INSURERS ARE PROPERLY ADMINISTERING CLAIMS
20 ASSOCIATED WITH STATE OR FEDERALLY DECLARED WILDFIRE-RELATED
21 DISASTERS FOR WHICH THE ENTERPRISE MAKES REINSURANCE PAYMENTS
22 UNDER THIS SECTION.

23 (2) TO FURTHER THE BUSINESS PURPOSE OF THE ENTERPRISE, THE
24 ENTERPRISE BOARD IS AUTHORIZED TO:

25 (a) TAKE REASONABLE ACTIONS AUTHORIZED PURSUANT TO THIS
26 SECTION TO RAISE MONEY FOR THE IMPLEMENTATION AND
27 ADMINISTRATION OF THE REINSURANCE PROGRAM TO ACHIEVE THE

1 PURPOSE AND OBJECTIVES SPECIFIED IN SUBSECTION (1) OF THIS SECTION;

2 (b) ENTER INTO CONTRACTS TO CARRY OUT THE PROVISIONS AND

3 PURPOSES OF THE REINSURANCE PROGRAM;

4 (c) ESTABLISH ADMINISTRATIVE AND ACCOUNTING PROCEDURES

5 FOR THE OPERATION OF THE REINSURANCE PROGRAM;

6 (d) ESTABLISH PROCEDURES AND STANDARDS FOR ELIGIBLE

7 INSURERS TO SUBMIT CLAIMS TO THE REINSURANCE PROGRAM;

8 (e) ESTABLISH OR ADJUST, BY RULE, THE ELIGIBILITY

9 REQUIREMENTS AND PAYMENT PARAMETERS IN ACCORDANCE WITH

10 SUBSECTION (3) OF THIS SECTION;

11 (f) TAKE LEGAL ACTION AS NECESSARY TO AVOID THE PAYMENT

12 OF IMPROPER CLAIMS TO INSURERS; AND

13 (g) SUBJECT TO SECTION 10-4-2103 (1)(c), APPLY FOR, ACCEPT,

14 AND ADMINISTER ANY FEDERAL OR STATE MONEY THAT MAY BECOME

15 AVAILABLE TO THE ENTERPRISE RELATING TO A STATE OR FEDERALLY

16 DECLARED WILDFIRE-RELATED DISASTER.

17 (3) FOR PURPOSES OF DETERMINING INSURER ELIGIBILITY FOR

18 REINSURANCE PAYMENTS UNDER THE REINSURANCE PROGRAM, THE BOARD

19 BY RULE SHALL:

20 (a) SET THE ELIGIBILITY REQUIREMENTS AND PAYMENT

21 PARAMETERS FOR THE REINSURANCE PROGRAM TO ACHIEVE REDUCTIONS

22 IN CLAIMS COSTS IN GEOGRAPHIC RATING AREAS IN THE STATE;

23 (b) DETERMINE DATA REQUIREMENTS FOR REINSURANCE

24 PAYMENTS MADE UNDER THE REINSURANCE PROGRAM AND COLLECT OR

25 ACCESS DATA FROM EACH ELIGIBLE INSURER;

26 (c) UPON THE OCCURRENCE OF A STATE OR FEDERALLY DECLARED

27 WILDFIRE-RELATED DISASTER, REQUIRE EACH ELIGIBLE INSURER TO

1 REPORT TO THE ENTERPRISE ITS CLAIMS COSTS AS A RESULT OF THE
2 WILDFIRE-RELATED DISASTER; AND

3 (d) IN EXCHANGE FOR ACCESS TO THE REINSURANCE PROGRAM TO
4 MITIGATE AN INSURER'S RISK, REQUIRE AN ELIGIBLE INSURER TO:

5 (I) PROVIDE INSURANCE COVERAGE BASED UPON THE ELIGIBLE
6 INSURER'S PERCENTAGE OF MARKET SHARE IN THE STATE TO AREAS
7 THROUGHOUT THE STATE AT HIGHEST RISK FOR WILDFIRES; AND

8 (II) REDUCE PREMIUMS IN AREAS IN THE STATE AT HIGH RISK FOR
9 WILDFIRES TO ACCOUNT FOR REINSURANCE PAYMENTS THAT WOULD BE
10 PROVIDED THROUGH THE REINSURANCE PROGRAM.

11 (4) (a) IN RESPONSE TO A STATE OR FEDERALLY DECLARED
12 WILDFIRE-RELATED DISASTER, THE ENTERPRISE BOARD SHALL CALCULATE
13 EACH REINSURANCE PAYMENT BASED ON AN ELIGIBLE INSURER'S
14 INCURRED CLAIMS COSTS FOR THE STATE OR FEDERALLY DECLARED
15 WILDFIRE-RELATED DISASTER.

16 (b) AN ELIGIBLE INSURER MUST MAKE REQUESTS FOR
17 REINSURANCE PAYMENTS IN ACCORDANCE WITH REQUIREMENTS
18 ESTABLISHED BY THE BOARD BY RULE AND COMPLY WITH INSURER DATA
19 REQUIREMENTS.

20 (5) (a) THE BOARD SHALL NOTIFY ELIGIBLE INSURERS OF
21 REINSURANCE PAYMENTS TO BE MADE IN ACCORDANCE WITH SUBSECTION
22 (4) OF THIS SECTION AND SHALL DISBURSE REINSURANCE PAYMENTS TO AN
23 ELIGIBLE INSURER.

24 (b) AN ELIGIBLE INSURER MAY REQUEST THAT THE BOARD
25 RECONSIDER A DECISION ON THE INSURER'S REQUEST FOR REINSURANCE
26 PAYMENTS WITHIN THIRTY DAYS AFTER NOTICE OF THE COMMISSIONER'S
27 DECISION. A FINAL ACTION OF THE BOARD UNDER THIS SUBSECTION (5) IS

1 SUBJECT TO JUDICIAL REVIEW IN ACCORDANCE WITH SECTION 24-4-106.

2 (6) IF THERE IS INSUFFICIENT MONEY IN THE FUND TO COVER
3 INSURERS' TOTAL LOSSES FROM A STATE OR FEDERALLY DECLARED
4 WILDFIRE-RELATED DISASTER, THE BOARD SHALL ESTABLISH PROCEDURES
5 TO PAY INSURERS ON A PRO RATA BASIS BASED ON THE AMOUNT OF
6 AVAILABLE MONEY IN THE FUND.

7 **10-4-2105. Severability.** IF ANY PROVISION OF THIS PART 21 OR
8 THE APPLICATION THEREOF TO ANY PERSON OR CIRCUMSTANCE IS HELD
9 INVALID, SUCH INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR
10 APPLICATIONS OF THIS PART 21 THAT CAN BE GIVEN EFFECT WITHOUT THE
11 INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF
12 THIS PART 21 ARE DECLARED TO BE SEVERABLE.

13 **10-4-2106. Repeal of part - subject to review.** THIS PART 21 IS
14 REPEALED, EFFECTIVE SEPTEMBER 1, 2035. BEFORE THE REPEAL, THE
15 ENTERPRISE AND REINSURANCE PROGRAM ARE SCHEDULED FOR REVIEW IN
16 ACCORDANCE WITH SECTION 24-34-104.

17 **SECTION 2.** In Colorado Revised Statutes, 24-34-104, **add**
18 (36)(a)(VII) and (36)(a)(VIII) as follows:

19 **24-34-104. General assembly review of regulatory agencies**
20 **and functions for repeal, continuation, or reestablishment - legislative**
21 **declaration - repeal.** (36) (a) The following agencies, functions, or both
22 are scheduled for repeal on September 1, 2035:

23 (VII) THE STRENGTHEN COLORADO HOMES ENTERPRISE AND THE
24 STRENGTHEN COLORADO HOMES ENTERPRISE GRANT PROGRAM CREATED
25 IN PART 20 OF ARTICLE 4 OF TITLE 10;

26 (VIII) THE WILDFIRE CATASTROPHE REINSURANCE ENTERPRISE
27 AND THE WILDFIRE CATASTROPHE REINSURANCE PROGRAM CREATED IN

1 PART 21 OF ARTICLE 4 OF TITLE 10.

2

3 **SECTION 3.** In Colorado Revised Statutes, 10-4-405, **add** (1.3)
4 as follows:

5 **10-4-405. Filing of rating information - certain coverages.**

6 (1.3) BEGINNING WITH RATE FILINGS SUBMITTED ON AND AFTER JANUARY
7 1, 2026, AN INSURER OFFERING HOMEOWNER'S INSURANCE FOR PROPERTY
8 LOCATED IN THE STATE SHALL INCLUDE IN ITS FILING THE FOLLOWING TWO
9 SETS OF RATES:

10 (a) ONE SET OF RATES THAT SHOWS THE RATES AFTER TAKING INTO
11 CONSIDERATION THE REINSURANCE PROGRAM CREATED IN SECTION
12 10-4-2104; AND

13 (b) ONE SET OF RATES THAT SHOWS THE RATES AS IF THE
14 REINSURANCE PROGRAM CREATED IN SECTION 10-4-2104 HAD NOT TAKEN
15 EFFECT.

16 **SECTION 4.** In Colorado Revised Statutes, 10-4-110.8, **amend**
17 (6)(b) as follows:

18 **10-4-110.8. Homeowner's insurance - prohibited and required**
19 **practices - estimates of replacement value - additional living expense**
20 **coverage - copies of policies - personal property contents coverage -**
21 **inventory of personal property - requirements concerning total loss**
22 **scenarios resulting from wildfire disasters - definitions - rules.**

23 (6) (b) (I) All homeowner's insurance replacement-cost policies for a
24 dwelling must include additional living expense coverage. This coverage
25 must be available for a period of at least twelve months and is subject to
26 other policy provisions. Insurers shall offer policyholders the opportunity
27 to purchase a total of twenty-four months of ALE coverage and give an

1 applicant an explanation of the purpose, terms, and cost of this coverage.
2 This ~~paragraph (b)~~ SUBSECTION (6)(b) does not apply to any A
3 homeowner's insurance policy that already includes at least twenty-four
4 months of ALE coverage as a standard provision.

5 (II) IN ADDITION TO OFFERING A REPLACEMENT-COST POLICY IN
6 ACCORDANCE WITH SUBSECTION (6)(b)(I) OF THIS SECTION, AN INSURER
7 MAY OFFER A REPLACEMENT-COST POLICY THAT HAS A REASONABLE
8 COVERAGE LIMIT OR PERCENTAGE CAP FOR ADDITIONAL LIVING EXPENSES
9 IF THE INSURER PROVIDES A PREMIUM DECREASE FOR THE COVERAGE LIMIT
10 OR PERCENTAGE CAP THAT IS APPROVED BY THE DIVISION.

11 **SECTION 5. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2026 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.