



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

Bulletin No. B-5.48

Guidance Concerning Payment of Recoverable Depreciation and Certain Coverages Following a Fire-Related Catastrophic Disaster

I. Background and Purpose

The purpose of this Bulletin is to address concerns that consumers may lose coverage benefits available and already calculated in their estimates to repair or replace property lost during the 2021 Marshall and Middle Fork Fires.

On December 30, 2021, the Marshall and Middle Fork Fires - the most devastating fires in Colorado history - destroyed almost 1100 residential and commercial structures and damaged thousands more. The Division of Insurance (“Division”) has received numerous consumer inquiries relating to extending the time limits of applicable coverages and endorsements that contribute to the complete and adequate restoration, rebuilding, or replacement of the insured structures and personal property. Many of the repair or replacement provisions included in homeowners' policies contain a time limitation and many insured persons are approaching the time limits in their policies even though they have been taking actions to repair or replace.

Bulletins are the Division’s interpretations of existing insurance law or general statements of Division policy. Bulletins themselves establish neither binding norms nor finally determine issues or rights.

II. Applicability and Scope

This Bulletin is intended for all property and casualty insurers issuing homeowner policies in Colorado, as defined in Section 10-4-110.6, C.R.S., and under the requirements of Section 10- 4-110.8(4), C.R.S. that have loss claims resulting from the Marshall and Middle Fork fire-related catastrophic disaster in Colorado.

III. Division Position

The Division recognizes the efforts and commitment of insured individuals working towards the restoration, replacement, and rebuilding of their properties. This Bulletin is intended to support policyholders in their rebuilding efforts following significant property damage, ensuring they receive fair and reasonable assistance from their insurers.

The Division requests insurers to toll, or temporarily suspend, any time limits related to all applicable coverages and endorsements. This request applies particularly to coverages and endorsements contributing to the full restoration, rebuilding, or replacement of insured structures and personal property, including but not limited to recoverable depreciation, law and ordinance coverage, and extended replacement cost coverages. Tolling should be considered, for policyholders who have made a good faith attempt to restore, rebuild or replace the insured structure and personal property, for the duration necessary to complete repairs or replacement of the damaged property. Coverage should be provided for costs incurred even after the original policy deadline.

The process to request extensions on time limits and coverages should be readily accessible to all policyholders no later than February 16, 2024. This process should be simple, transparent, and communicated effectively to ensure that insureds know their options and the steps needed to request an extension.

An insurer's failure to reasonably accommodate the tolling of policy time limits and extending necessary coverages may be viewed as non-compliant with good faith insurance practices and as a result be subjected to a Market Conduct Examination.

IV. Additional Division Resources

A. For More Information

Colorado Division of Insurance
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V. History

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