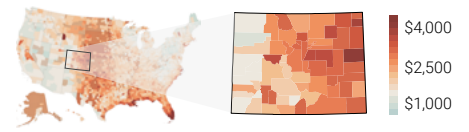


The Blueprint of Rising Homeowner's Insurance Rates in Colorado

Recent research shows that the average homeowner's premium rate increased nationwide from 2018 to 2023 by 33.8%. During that same period, homeowners in Colorado have seen an average 57.9% increase. **A combination of inflation, market pressures, severe weather events, and catastrophic losses are to blame for this increase.**

Average Home Insurance Premiums, 2023



↑ 57.9%

average increase in homeowners' premium rate in Colorado from 2018 to 2023.

2

of the costliest wildfires in state history occurred in the last 4 years, resulting in

\$2.5B+

in damage and

1,366+

homes destroyed.

48

billion-dollar disasters in the 13 years between 2010 and 2023, compared to

24

billion-dollar disasters in the 29 years between 1980 and 2009.

↑ 5

billion-dollar disaster events per year on average.

Inflation & Market Pressures

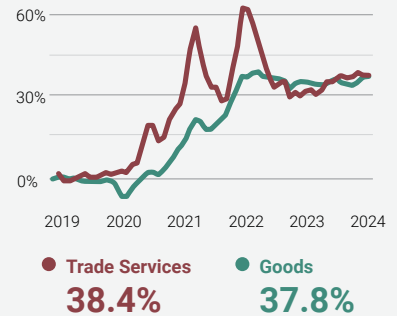
Homes are increasingly more expensive to repair and rebuild. Since 2019, construction labor has increased 38.4% and building materials have increased over 37%. **2022 saw a 40-year high for inflation**, which has resulted in cumulative increases in the cost of most goods and services.

A homeowner's insurance availability study commissioned by the Colorado Department of Insurance in 2023 showed that the Colorado homeowner's insurance market has been consistently reporting underwriting losses over the last five years. This means that the **losses covered by insurers have exceeded the premium dollars collected.**

Since 2017, Colorado loss ratios have been above countrywide averages, leading to yearly underwriting losses for the insurance industry.

Inflation Drivers for Homeowners Insurance

Producer Price Index, Cumulative Percent Change over Five Years



Severe Weather Events

Extreme weather is a significant driver of insured losses. **These losses are compounded by rapid population growth in areas that are disaster-prone**, especially the Wildland-Urban Interface.

Some of Colorado's areas at high risk of wildfire run close to the densely populated areas of the state, increasing the potential for large losses to insurers.

Colorado ranks second in the US for hail claims based on data from 2017 to 2019, with policyholders filing more than 380,000 claims.

Catastrophic Losses

Over the last decade, the frequency and severity of catastrophic losses has increased in Colorado.

According to the National Centers for Environmental Information, from 1980 to 2009, the state experienced 24 billion-dollar disasters (adjusted for inflation). From 2010 to 2023, the state experienced 48 billion-dollar disasters, with the frequency increasing to nearly 5 events per year on average.

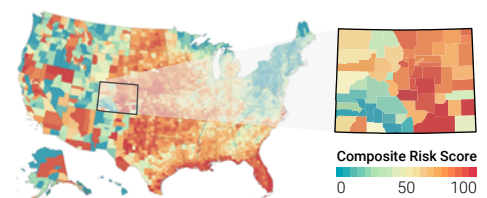
Costliest wildfires in state history

	acres burned	homes destroyed	cost of damage
(2020) East Troublesome	200,000	366	\$543M
(2022) Marshall	6,000+	1,000+	\$2B+

Costliest hailstorm in state history

May 2017	100,000+ claims	\$2.3B+ damage
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Where properties are most at risk



The Bottom Line

The last decade has seen a shift in the homeowners' insurance market in Colorado, affecting all consumers. Learn more at rmiia.org.