



colorado  
**FAIRPLAN**

**Kelly Campbell**  
Executive Director

# Colorado FAIR Plan: First FAIR Plan in a Generation

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- ⋈ HB 23-1288 signed in May 2023
- ⋈ Governor seated Board in January 2024
- ⋈ Plan of Operations in July 2024; Applications in 2025



**Dwelling applications on April 10, 2025**



**Commercial applications July 2025**

# Agent Registration & Eligibility

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- ⋈ **Any licensed producer can register with the FAIR Plan. The FAIR Plan does not appoint agents.**
- ⋈ **Customers must work with a licensed producer to access the FAIR Plan. COFP does not do any direct sales.**
- ⋈ **Applicants must have 3 declinations by admitted insurance companies to be eligible for the FAIR Plan.**

# FAIR Plan policies reflect the **high risk** they insure.

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## Policy:

- ⌘ The FAIR Plan offers **limited** coverage.
- ⌘ FAIR Plan policies provide Actual Cash Value policies (replacement costs less depreciation).
- ⌘ The FAIR Plan policies are **NOT** replacement cost policies.
- ⌘ FAIR Plan policies provide coverage for Fire and Lighting.
- ⌘ You can purchase “**extended coverage**” which includes coverage for wind/hail, riot, and other causes of loss outlined in the policy.
- ⌘ General exclusions include: liability, water damage, theft, law and ordinance coverage, among others.
- ⌘ FAIR Plan policies **CAN** be used as primary coverage.
- ⌘ “Dwelling” policies for homeowners and commercial policies provide similar coverage.

# Dwelling & Commercial Policy Information

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## Dwelling Policies for Homeowners:

- /// Coverage **limit is \$750k** for all coverages on homes. There is not a limit on the value of properties the FAIR Plan can accept, but there is a limitation on coverage. For example, the FAIR Plan can accept a property with a \$2 million replacement cost estimate, but it can only provide \$750k in coverage.
- /// This coverage limit is a combined coverage with personal property. You may choose 0-40% contents coverage.
- /// Coverage for other structures and debris removal is included in the policy limits.

## Commercial Policies:

- /// Commercial policies include the same general coverages but have a limit of **\$5 million**.
- /// There is a **prohibition** on breaking out buildings within the same complex to access multiple FAIR Plan policies.
- /// Commercial policies will not have a co-insurance requirement.

# Colorado FAIR Plan Policy Structure

The Colorado FAIR Plan is designed as a last resort for property owners who cannot secure insurance through the standard insurance market. It addresses “availability” instead of “affordability” of insurance.

## Standard Market Policies vs. Colorado FAIR Plan Policies

OFFERING	STANDARD MARKET POLICES	COLORADO FAIR PLAN POLICES
<b>Eligibility</b>	Available to most homeowners who meet insurer requirements	Must have three declinations from standard insurers and apply through a licensed producer
<b>Coverage Basis</b>	Replacement Cost Value (RCV) available	Limited to Actual Cash Value (ACV) only
<b>Perils Covered</b>	Typically includes fire, windstorm, hail, theft, water damage, liability, and more	It covers only fire and lightning (with optional extended coverage for wind, hail, explosion, etc.)
<b>Liability Coverage</b>	Included	Not included
<b>Water &amp; Flood Damage</b>	Often included or available as an endorsement	Not covered
<b>Theft &amp; Vandalism</b>	Usually included	Only vandalism and malicious mischief are optional add-ons
<b>Policy Limits</b>	It varies. It can be higher depending on property value	\$750,000 for residential and \$5 million for commercial
<b>Premium Cost</b>	Based on risk factors, generally lower for standard homes	Typically higher due to higher-risk properties
<b>Availability</b>	Offered by standard insurance companies	Last-resort option for those unable to secure standard coverage

# Other Coverages

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- ⋈ “DIC” policies: aka “difference in conditions;”  
“difference in coverages;” or “wrap around policies”
- ⋈ Use of multiple policies is common with FAIR Plans
- ⋈ Can be in the standard or non-standard market
- ⋈ Will provide information as more become available

# How we are building the **FAIR Plan**

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-  Tech Forward
-  Financial Stability
-  Scalable Infrastructure

# Tech Forward: How we are building the CO FAIR Plan

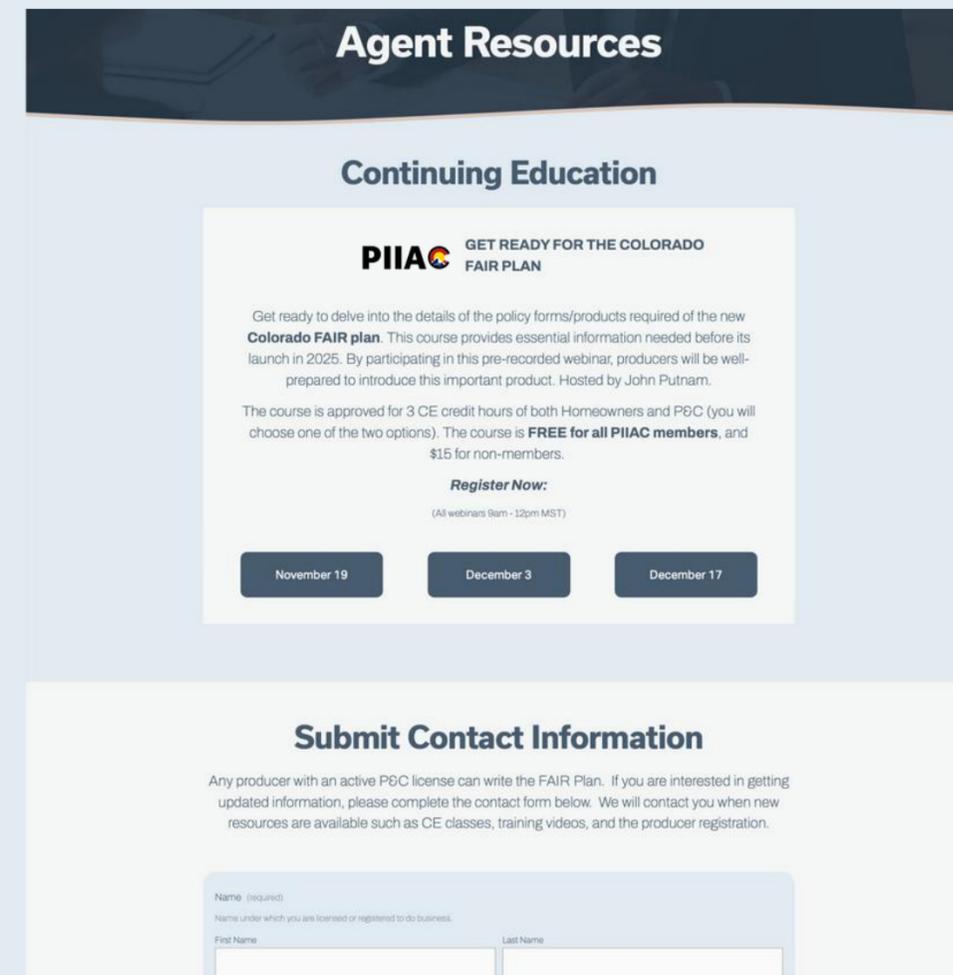
## Provide Clear Information



The screenshot shows the homepage of the Colorado FAIR Plan website. At the top, there is a navigation bar with links for Home, About, Resources, Governance, Contact Us, and a button for Learn More About Eligibility. The main heading is "Colorado's Insurer of Last Resort" with a sub-heading "Limited coverage property insurance for high-risk residential and commercial properties." Below this is a "Get Started" button. A section titled "When private insurance isn't available, we're here to provide limited coverage options." features a photo of three people in a meeting. Another section, "Last Resort Coverage," explains that the FAIR Plan is the most expensive way to insure a property, designed for properties that face the greatest risks of natural disaster.

- Resource pages for agents and consumers.
- Provide tools including policy system and payment links
- Simple, modern interface.

## Facilitate Communication



The screenshot shows the "Agent Resources" page. It features a "Continuing Education" section with a "PIIAC GET READY FOR THE COLORADO FAIR PLAN" banner. The text describes a pre-recorded webinar for producers, approved for 3 CE credit hours. It includes a "Register Now" button and three date options: November 19, December 3, and December 17. Below this is a "Submit Contact Information" section with a form for Name (required), First Name, and Last Name.

- Agent registration.
- Agent Search Function.
- Downloadable resources.

# Tech Forward: How we are building the CO FAIR Plan

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Producers

Cogitate

epay

xceedance

zesty

# Financial Stability: How we are building the CO FAIR Plan

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## Actuarially Sound Rates

Outside program and rate development. Leverage cat models to determine potential losses.



## Capital Assessment

\$46.5 Million considers reinsurance costs, anticipate average annual losses, operational expenses

# Financial Stability: How we are building the CO FAIR Plan

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“The FAIR Plan is designed to address insurance **availability**, not **affordability**.”

# Scalable Infrastructure: How we are Building the CO FAIR Plan

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- ⋈ Reinsurance - Scalable Portfolio
- ⋈ Staffing: Xceedance for Customer Service, Underwriting, and Claims.

# Closing

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