colorado FAIR PLAN

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Executive Director

What is a FAIR Plan?

Fair Access to Insurance Requirements

Genesis: **Urban Riots**

After the Urban Riots: The Kerner Commission recommended an advisory panel on insurance.

August 1967: The President's Advisory Panel on Insurance in Riot-Affected Areas was appointed.

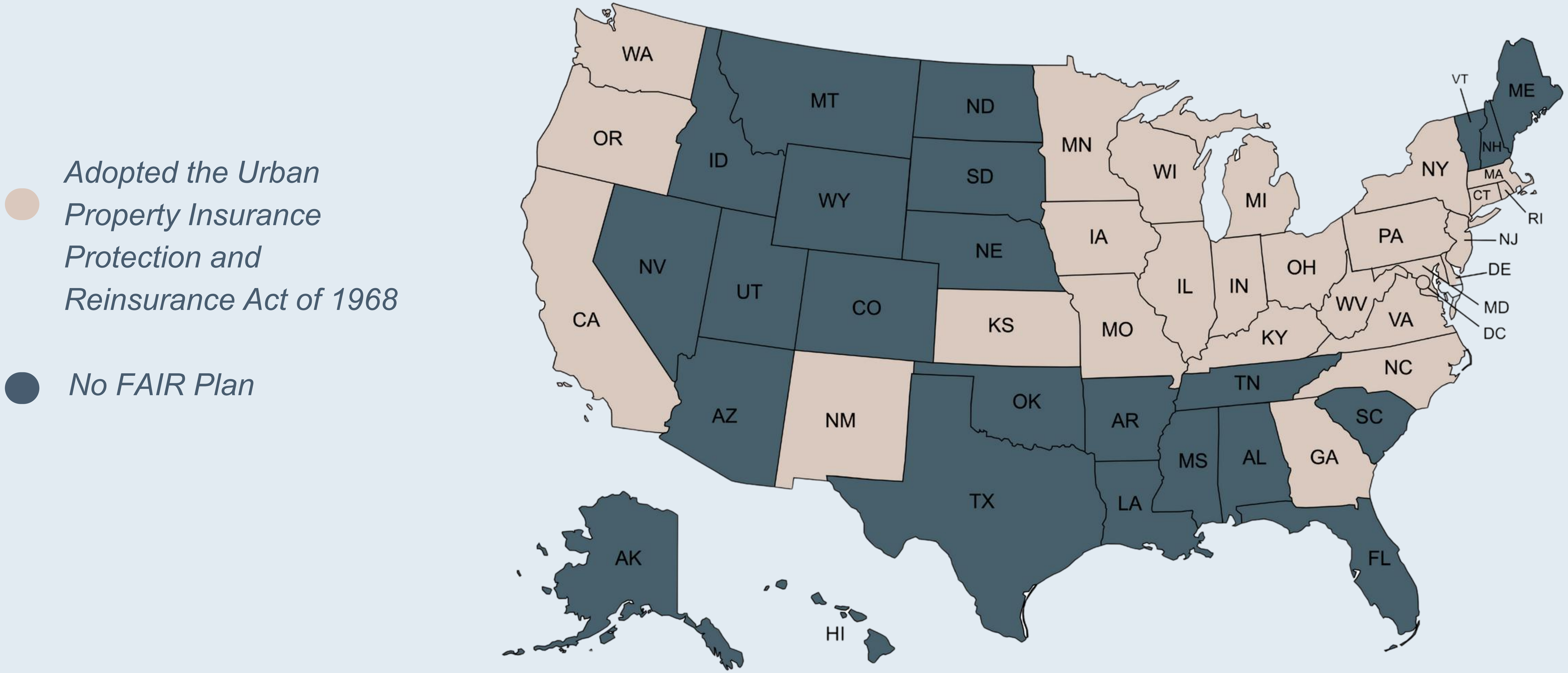
Genesis: **Urban Riots**

President's Advisory Panel Recommendations:

- All states should establish "**FAIR**" Plans to provide Insurance.
- **FAIR** = **F**air **A**ccess to **I**nsurance **R**equirements
- These plans provide every property owner:
  - An inspection of their property.
  - A written notice of conditions and corrective actions to make property insurable.
  - Basic property insurance can be provided if the property is adequately maintained.

FAIR Plans are the U.S. Residual Market

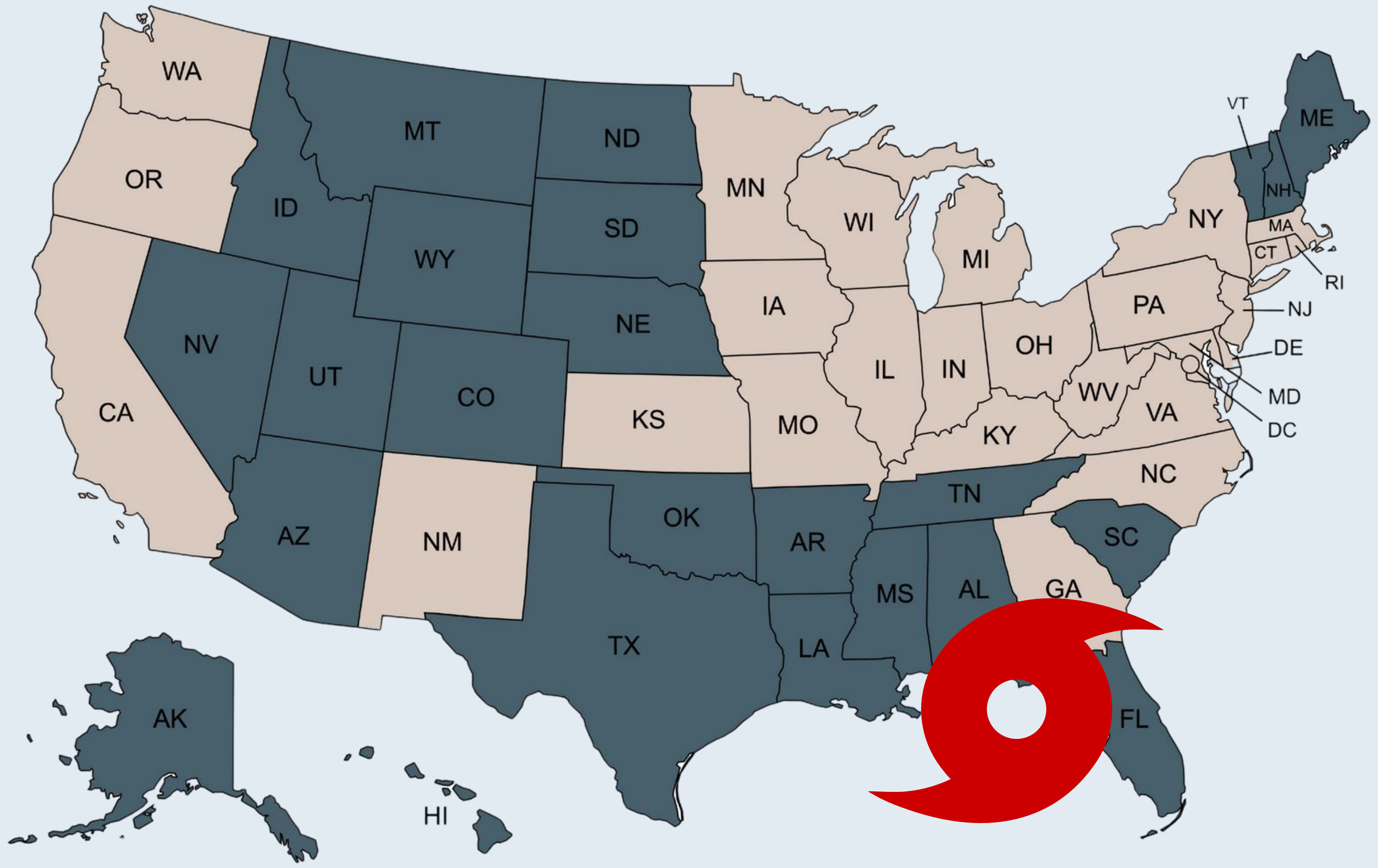
FAIR Plans: 1968



FAIR Plans: Out of the Cities and on the Coast

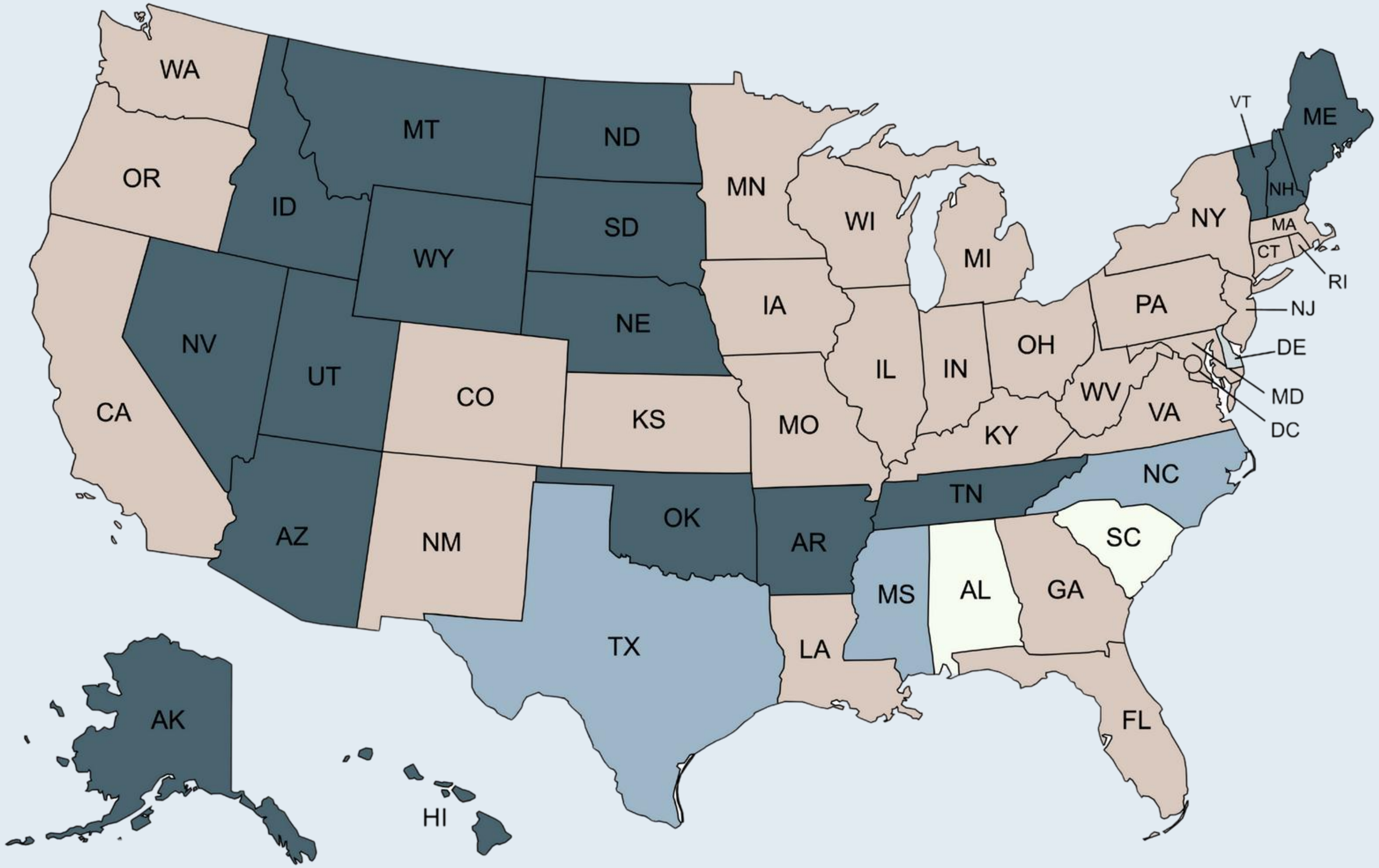
Wind and Beach Plan were created to address hurricane exposure

- Limited areas and coverages



FAIR Plans and Wind/Beach Plans Today

- *FAIR Plans*
- *Beach Plans*
- *FAIR & Beach Plans*
- *No FAIR Plan*



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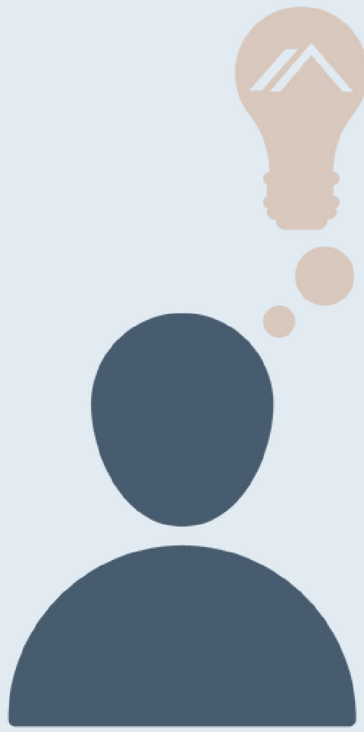
Colorado **FAIR Plan**

2023	January 2024	July 1 2024	April 2025	July 2025	Late Fall 2025
Created with HB 23-1288	Board appointed by Governor Polis	Plan of Operations filed	Began taking residential applications	Began taking Commercial applications	Full Commercial system launch

Who Can Access the CO **FAIR Plan?**

- **Any licensed** agent can register to write in the FAIR Plan
- A consumer must work with a **licensed agent**
- They must prove **3 declinations** in the admitted market to be eligible



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 POLICIES
Eligibility	Available to most homeowners who meet insurer requirements	Must have three declinations from standard insurers and apply through a licensed producer
Coverage Basis	Replacement Cost Value (RCV) available	Limited to Actual Cash Value (ACV) only
Perils Covered	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.)
Liability Coverage	Included	Not included
Water & Flood Damage	Often included or available as an endorsement	Not covered
Theft & Vandalism	Usually included	Only vandalism and malicious mischief are optional add-ons
Policy Limits	It varies. It can be higher depending on property value	$750,000 for residential and $5 million for commercial
Premium Cost	Based on risk factors, generally lower for standard homes	Typically higher due to higher-risk properties
Availability	Offered by standard insurance companies	Last-resort option for those unable to secure standard coverage

Rates

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

-Commissioner Conway

Building the Right **FAIR Plan** for CO

- Tech Forward
- Financial Stability
- Scalable Infrastructure

Tech Forward: Small entity thinking **BIG**

Producers

Cogitate

xceedance

epay

zesty™

Financial Stability: Building On Lessons Learned

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

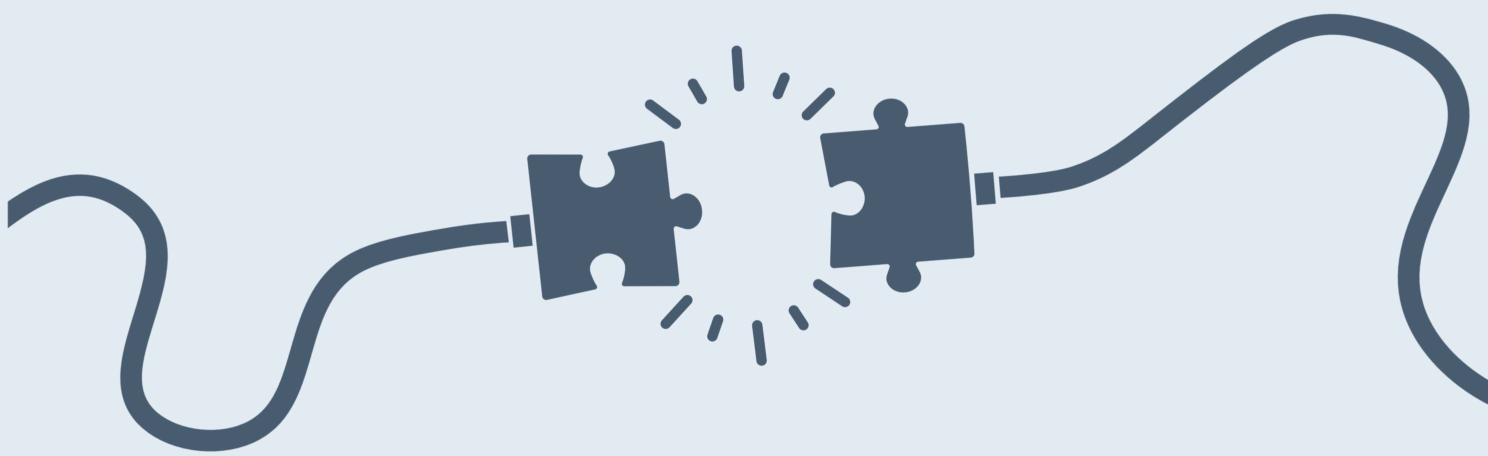
Scalable Infrastructure: Meeting **Changing Demands**

- **Reinsurance**: Scalable portfolio
- **Staffing**: Xceedance for Customer Service, Underwriting, and Claims

Closing

Where are we today?

- Growing & Learning
- Protecting over $40 million worth of property



THANK YOU

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www.ColoradoFAIRPLAN.com