

Bulletin No. B-5.41

On-site Property Damage Inspections, Replacement Vehicles and Additional Living Expense (ALE) Requirements due to COVID-19

I. Background and Purpose

The novel coronavirus (COVID-19) outbreak and emergency public health measures by state and local leaders has led to widespread business interruptions, unemployment and disruption of daily activities for consumers, including but not limited to self-quarantine and isolation to protect their and the public's health. Due to the unprecedented and extraordinary impact of the COVID-19 emergency, the Colorado Governor issued Executive Orders 20-017 (Stay at Home) and 20-044 (Safer at Home), and the Colorado Department of Public Health and Environment has issued multiple Public Health Orders including, 20-20, 20-22, 20-23, and 20-24, (collectively "Orders") which have limited otherwise normal business and personal interactions and activities.

The purpose of this bulletin is to ensure that consumers experiencing a loss covered by a property and casualty insurance policy are not adversely affected due to the inability of insurers to conduct in person property damage inspections or any delays in an insured's ability to contract for auto and home repairs during the current COVID-19 emergency and through the period of time in which the Orders are lifted or this bulletin is rescinded, whichever is later.

II. Applicability and Scope

With adverse weather season approaching, this bulletin is written to ensure the claim process for Colorado consumers is not adversely affected by an insured's inability to promptly notify an insurer of a potential loss, the insurers' inability to conduct in person property damage inspections, the claimant's or policyholder's inability to contract for repairs and/or delays in existing, on-going repairs to automobile, homeowners and business property. This bulletin shall apply to all insurers that issue or renew property and casualty insurance pursuant to Article 4 of Title 10.

III. Division Position

The Division is directing insurers to accept, to the extent reasonably possible, photographs and/or video, measurements and other reasonable digital data to document a claim for damaged property submitted to the insurer by a claimant, an insured or a valid representative of the claimant or insured. If necessary, insurers and insureds may postpone an in-person property damage inspection to a reasonable and mutually agreeable date when the property may be safely inspected and electronic and digital information is not sufficient to document the loss. Insureds and third-party claimants are still required to mitigate damages to the extent possible.



A. Motor Vehicle Replacement Coverage

1. With respect to third-party motor vehicle replacement coverage, to the extent repairs are delayed as a direct result of the COVID-19 emergency and/or the Orders, the Division is directing insurers to consider additional days of motor vehicle replacement coverage until repairs are complete to the extent policy limits are available.
2. With respect to first-party rental vehicle coverage, to the extent the coverage is included in the insured's policy and repairs are delayed as a direct result of the COVID-19 emergency and/or the Orders, the Division is directing insurers to provide additional days of coverage until repairs are completed. If coverage is nearing exhaustion, the Division strongly encourages the insurer to consider additional days of coverage based on a reasonable explanation that the delays were the direct result of the COVID-19 emergency and the Orders.

B. Additional Living Expenses (ALE)/Loss of Rents

To the extent ALE/Loss of Rents is available and covered repairs are legitimately delayed for reasons that are out of the insured's control as a direct result of the COVID-19 emergency and/or the Orders, the Division is directing insurers to extend ALE or Loss of Rents coverage under personal insurance policies to allow the insured a reasonable amount of time to complete repairs. Such delays may include, but not be limited to, inability to hire a contractor, obtain permits and/or challenges in obtaining material. Insureds may request an extension of coverage in writing that explains the reasons for the request. If policy limits are near exhaustion the insurer shall consider such coverage extension requests and, if appropriate given the specific facts of the claim and delay, grant extensions in reasonable increments of time.

C. Replacement Cost Coverage

Insurers shall not deny claims that require a sworn statement or sworn proof of loss accompanied by an inventory of lost property if, as a direct result of the COVID-19 emergency and/or the Orders, the insured is unable to provide the sworn statement, sworn proof of loss or complete the inventory within the contractual timeline. The Division expects the insurer will work with the policyholder to establish reasonable time limits to meet the insurer's justifiable requests for information and documentation.

For personal and commercial real property policies that include replacement cost coverage, the insurer would typically pay the actual cash value of the claim until repairs are completed. In the event an insured is unable to contract for initial repairs and/or is unable to complete initiated repairs to the property as a direct result of the COVID-19 emergency and/or the Orders, the Division directs insurers to provide a reasonable extension of time to complete repairs and submit documentation of completed repairs and receive the recoverable depreciation to the extent any is owed under the terms of the applicable policy.

IV. For More Information or questions about your current coverage, please contact:

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V. History

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