



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1091: HOMEOWNER'S INSURANCE DATA PRIVACY PROTECTIONS

Prime Sponsors:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. This bill creates personal data privacy protections for consumers of homeowner's insurance.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Diversion

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$0	\$0
State Expenditures	\$0	\$125,600	\$80,320
Diverted Funds	\$0	\$125,600	\$80,320
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.7 FTE	0.5 FTE

Fund sources for these impacts are shown in the tables below.

Table 1A
State Diversions

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	-\$125,600	-\$80,320
Cash Funds	\$0	\$125,600	\$80,320
Net Transfer	\$0	\$0	\$0

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$106,710	\$65,169
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$18,890	\$15,151
Total Expenditures	\$0	\$125,600	\$80,320
Total FTE	0.0 FTE	0.7 FTE	0.5 FTE

Summary of Legislation

This bill creates personal data privacy protections for consumers of homeowner's insurance.

Applicability

Beginning on or after January 1, 2028, the bill applies to licensees and their affiliates or processors that:

- process a consumer's personal data in connection with a homeowner's insurance policy;
- engage in a homeowner's insurance transaction with a consumer; or
- engage in an activity not related to a homeowner's insurance transaction, but involves a consumer's personal data.

The protections extend to a consumer whose personal data:

- is processed in connection with a homeowner's insurance transaction;
- was previously involved in a homeowner's insurance transaction; or
- is used for purposes other than a homeowner's insurance transaction by a licensee or processor.

Consumer Rights

No later than January 1, 2028, a consumer of homeowner's insurance has the right to confirm a licensee is using their personal data, to access their personal data, and to request corrections and deletions. A consumer has the right to opt-in to the processing of their personal data for use unrelated to the insurance transaction, including the sale of the data, use in targeted advertising, and joint marketing with co-branded financial products. Licensees providing an opt-in process must do so with a clear and conspicuous notice and according to rules adopted by the Commissioner of Insurance.

If a licensee makes an adverse underwriting decision in response to an application for homeowner's insurance, the licensee must provide the consumer with specific data related to the adverse decision. The bill prohibits insurance denials based on certain circumstances. The Commissioner of Insurance may assist a consumer with obtaining information about an adverse underwriting decision. The bill prohibits retaliation against a consumer for exercising their rights. A consumer can bring a private right of action for violations and be awarded damages for each violation.

Duties of Licensees

A licensee has a duty to ensure that a consumer's personal data is secure and processed only for transactions involving the homeowner's insurance unless the consumer gives consent for other purposes. A licensee must create and distribute a consumer data privacy notice according to the specifications in the bill which includes a statement of the consumer's rights regarding their personal data.

Enforcement

The Commissioner of Insurance may take enforcement actions for violations of the bill. A violation under the bill is an unfair or deceptive act or practice in the business of insurance as well as an unfair method of competition and subject to civil penalties.

Background

[Senate Bill 21-190](#) created the Colorado Privacy Act (CPA) within the Colorado Consumer Protection Act. The CPA addresses consumers' rights to privacy, right to access, delete and correct their personal data, as well as the right to opt out of the sale of their personal data. It also addresses companies' responsibility to protect personal data, and obtain consent before processing personal data. The Attorney General and district attorneys are authorized to take enforcement action for violations.

Colorado has about 135 insurance companies writing homeowner's insurance policies which accounted for about \$5.2 billion in written premiums in 2024, the most recent year for which data are available. The Division of Insurance has approximately 87,000 licensed insurance producers (agents) selling homeowner's insurance in Colorado. Both insurance companies and insurance producers would be subject to the bill's requirements.

State Revenue

Beginning in FY 2028-29, the bill potentially increases state revenue from creation of a new deceptive trade practice and unfair method of competition in the business of insurance, as outlined below.

Civil Penalties

A person committing a deceptive trade practice in the business of insurance may be subject to a civil penalty of up to \$3,000 for each act, with potentially higher penalties for willful or repeat violations, up to a maximum annual penalty specified in statute. Given that insurers are assumed to comply with the requirements of the bill, and the wide range in potential penalty amounts in any cases that are pursued by the commissioner, the fiscal note cannot estimate the potential impact of these civil penalties. Penalty revenue is deposited into the General Fund and subject to TABOR.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings to appeal deceptive trade practice actions taken by the Division of Insurance in DORA. Revenue from filing fees is subject to TABOR

State Diversion

This bill diverts \$125,600 in FY 2027-28 and \$80,320 in FY 2028-29 and ongoing from the General Fund to the Division of Insurance Cash Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies (DORA), which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases cash fund expenditures for the Division of Insurance in DORA by approximately \$126,000 in FY 2027-28 and \$80,000 in FY 2028-29 and ongoing. Costs are paid from the Division of Insurance Cash Fund. These costs are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$0	\$37,475	\$37,475
Operating Expenses	\$0	\$0	\$0
Capital Outlay Costs	\$0	\$0	\$0
Legal Services	\$0	\$69,235	\$27,694
Centrally Appropriated Costs	\$0	\$18,890	\$15,151
FTE – Personal Services	0.0 FTE	0.4 FTE	0.4 FTE
FTE – Legal Services	0.0 FTE	0.3 FTE	0.1 FTE
Total Costs	\$0	\$125,600	\$80,320
Total FTE	\$0	0.7 FTE	0.5 FTE

Department of Regulatory Agencies

The Division of Insurance will have staff and legal services costs beginning in FY 2027-28 to implement the bill.

Assumptions

The fiscal note assumes the bill's consumer protection requirements will create an additional 180 complaints on average per year, with each complaint requiring 2 hours to review, investigate and determine if enforcement action is needed. Additionally, it assumes that an additional 30 enforcement actions on average per year, each requiring 14 hours of staff time to address. Together, these workload impacts equate to 0.4 FTE per year for the Division of Insurance.

Staff

As outlined above, the division requires 0.4 FTE Rate and Financial Analyst beginning in FY 2027-28 to investigate consumer complaints and prepare enforcement actions. First-year workload will also include assistance with rulemaking efforts.

Legal Services

The Division of Insurance must issue rules for implementation of the bill, including the form and manner for a consumer to provide consent on the use of their personal data and the process for insurers to explain the reasons for an adverse decision. The Department of Law will provide 500 hours of legal services in FY 2027-28 to support rulemaking, which equates to 0.3 FTE and 200 hours in FY 2028-29 to support enforcement actions which equates to 0.1 FTE.

Other Agency Impacts

The trial courts in the Judicial Department may have an increase in workload in FY 2027-28 to the extent cases are filed under the bill. It is assumed that insurers will comply with the law, and that any increased caseload will be minimal and addressed within existing resources.

The Office of Administrative Courts in the Department of Personnel and Administration may see an increase in workload due to the extent that the Division of Insurance initiates disciplinary action against licensees pursuant to this proposed legislation; however, it is assumed that any caseload growth can be accomplished within existing appropriations.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Judicial

Regulatory Agencies

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).