



COLORADO
Department of
Regulatory Agencies

DIVISION OF
Insurance

FY 2015/2016 ANNUAL REPORT



Message from the Executive Director

The charge of regulating the insurance industry has never been more important. Fortunately, the Colorado Division of Insurance (DOI), part of the Department of Regulatory Agencies' (DORA), is up to the task.

The DOI continues to meet the insurance challenges brought on by significant natural disasters in our state, working to educate people living in the wild/urban interface areas about mitigating their properties against wildfires and how to work with their homeowners insurance companies. The DOI has also partnered with a group of insurance and contractor groups to help people avoid becoming the victims of roofing scams after hail storms. These efforts, among others detailed in this annual report, are emblematic of the division's commitment to serving the people of our state.

During the 2015-2016 fiscal year, the DOI, led by Insurance Commissioner Marguerite Salazar, expanded outreach efforts to educate the public on how to be a good health insurance consumer, worked with a wide array of stakeholders to address challenges facing various facets of the insurance industry, and took decisive action to protect Colorado consumers.

Indeed, in the past year alone, the division recovered \$8,063,496 for consumers from insurance companies. In addition, the DOI strives to be a helpful resource for all Coloradans regarding insurance, which is why we encourage you to review this annual report and to reach out directly with any questions, complaints or concerns.



Joe Neguse, Executive Director
Colorado Department of Regulatory Agencies

The Division of Insurance helps to create a regulatory environment that ensures a competitive marketplace for insurance companies in Colorado, resulting in better access and choices for consumers.

Message from the Commissioner

Colorado has a healthy insurance market – homeowners, auto, life, health and other lines of insurance compete for business here. The Colorado Division of Insurance regulates the state’s insurance industry to ensure that insurance companies and agents are following Colorado laws and regulations. And while that regulatory oversight protects consumers, the DOI also works to help consumers directly on insurance issues.

In fiscal year 2015-2016, we launched a new internal initiative, “One DOI,” so we could explore how to better meet the challenges of an industry in constant flux, while allowing more flexibility and collaboration within the division.

For example, we can now respond more quickly and efficiently to such industry developments as mergers and acquisitions. And the improvements didn’t just impact staff who work on health insurance, but have also made a positive impact on the work we do with all types of insurance.

Everyone in the DOI is dedicated to improving while being more responsive to our customers – the consumers of insurance as well as the insurance industry. As a result of One DOI, I am proud to say that we have a renewed mission to promote compliance and enforce laws to help protect consumers. In fact, recoveries for consumers by our Consumer Services team this past fiscal year exceeded \$8 million.

And, our Consumer Services team developed a process that gives the consumer more information faster, which ultimately leads to increased knowledge of their options after contacting the division. You can read more about these improvements in this report.

The launch of DORA’s new customer-focused website this past fiscal year also helped us reimagine how to best provide informative resources for consumers via dora.colorado.gov/insurance. As a result, a consumer financial assistance site, “Nerdwallet,” ranked the DOI as the third most helpful state insurance website in the nation.

The coming year will most certainly bring new sets of challenges. We anticipate continued developments around mergers and acquisitions in the industry; and we also expect to see insurance companies to continue to innovate in their use of technology, for example, deploying drones to conduct assessments of homeowners’ insurance claims.

We are prepared to address these new challenges ahead as we continue to monitor the industry and licensees. In turn, we will also continue to push forward with our own innovations to best fulfill our mission of informing and protecting Colorado consumers.



Marguerite Salazar
Commissioner, Colorado Division of Insurance



Promote Compliance & Enforce Laws

The Division of Insurance regulates all types of insurance in Colorado — health, life, homeowners, renters, auto and title — as well as the agents / brokers who sell insurance in the state.

THE DOI REGULATES THE INSURANCE INDUSTRY TO ENSURE THAT COMPANIES FOLLOW STATE AND FEDERAL LAWS AND REGULATIONS

Ensuring that insurance companies that conduct their business in Colorado are following the law not only protects consumers, it helps to maintain a level playing field for the industry.

THE DOI MONITORS THE FINANCIAL HEALTH OF COLORADO-BASED INSURANCE COMPANIES

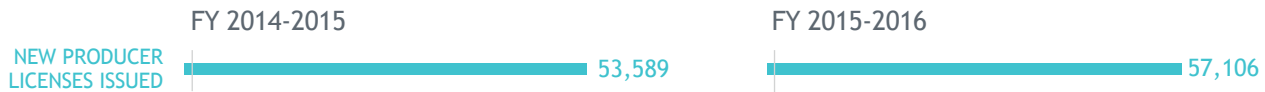
The DOI conducts financial examinations and reviews companies' financial reports to ensure that they can pay customer claims. While consumers are most often concerned with the DOI's work on reviewing an insurance company's premiums to ensure they are not excessive, inadequate or discriminatory, if a company is in financial trouble, it won't be able to meet its obligations to consumers. That is why analyzing and monitoring the financial well-being of insurance companies is a vital part of DOI's regulatory efforts.

THE DOI LICENSES AND REGULATES THE PROFESSIONALS WHO SELL INSURANCE TO COLORADO CONSUMERS

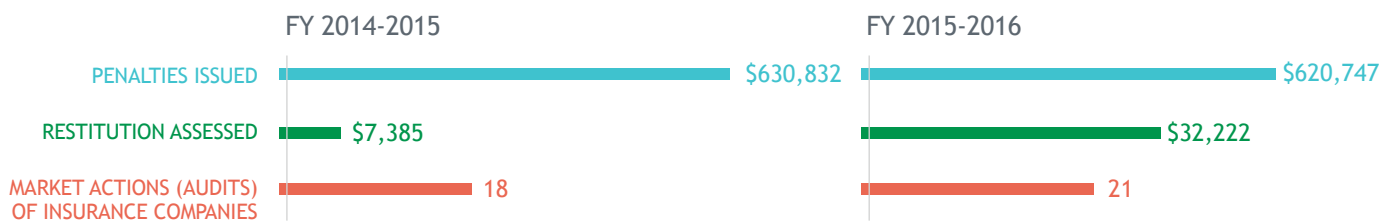
Consumers can verify licenses and check for discipline regarding licensed insurance industry professionals on the division's website, dora.colorado.gov/insurance. The DOI also oversees public adjusters, bail agents, title insurance agents and agencies, and sellers of pre-need (also called pre-paid) funeral services.



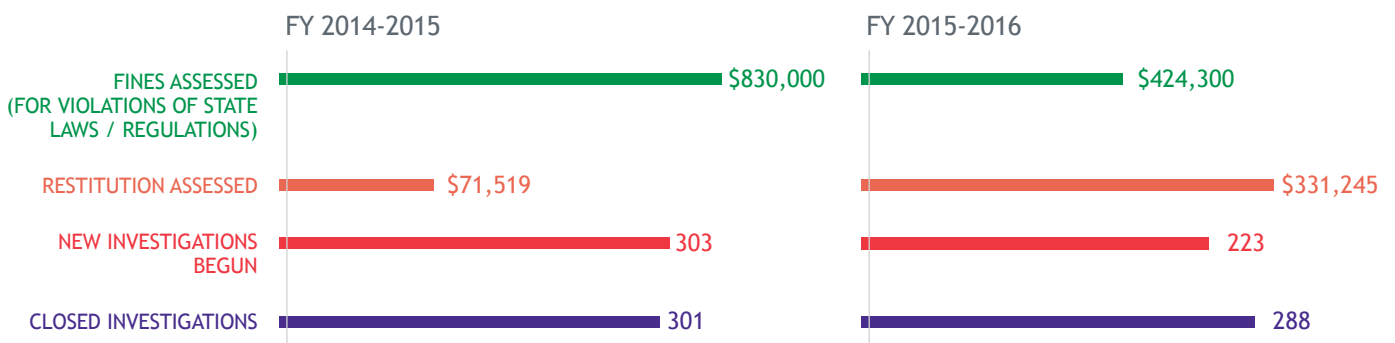
New Producers (Agents)



Regulating Insurance Carriers



Regulating Insurance Producers (Agents)





The Division of Insurance protects Colorado's insurance buying public.

THE DOI SERVES AS AN INFORMATION RESOURCE ABOUT INSURANCE IN COLORADO

The DOI works to educate Colorado consumers so they can serve as their own best advocates when they are purchasing insurance or filing claims. The DOI helps to make consumers aware that it is a resource for their insurance concerns, questions and complaints, through many different methods of outreach, including media campaigns, the websites dora.colorado.gov/insurance and askDORA.colorado.gov, as well as through the insurance companies directly.

- Explaining a letter, a form, a denial of claim or other form of communication from an insurance company or agent;
- Helping consumers understand their insurance options.

DOI staff also work to ensure consumers receive the benefits for which they have paid, and can act on behalf of consumers when insurance companies are not adhering to the law or are not providing the benefits paid for by consumers. The division intakes approximately 3,000 to 4,000 formal complaints each year.

THE DOI ANSWERS CONSUMERS QUESTIONS AND INVESTIGATES COMPLAINTS

DOI staff handle approximately 15,000 consumer insurance inquiries per year, helping consumers better understand their roles and responsibilities, as well as the roles and responsibilities of insurers and agents. Staff address a variety of topics, including:

- Providing definitions for insurance terms and lingo;



Protecting Consumers

3,850
formal complaints **received**
in FY 2015-16

3,672
formal complaints **closed**
in FY 2015-16

In FY 2015-16, the State Health Insurance assistance Program (SHIP), a program to help Medicare beneficiaries understand Medicare, **served 28,619 Medicare beneficiaries.**

In FY 2015-16, the Senior Medicare Patrol (SMP), a Medicare fraud prevention program, **helped 2,316 people.**



Recovery for Consumers





A Change in Culture: One DOI

“One DOI” improves workflow, efficiency and responsiveness to consumers, stakeholders, and the insurance industry.

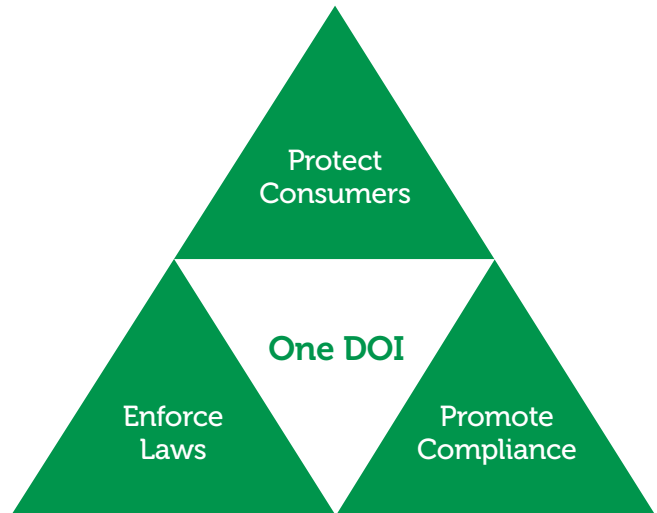


“One DOI” has been a multi-phase reorganization and process improvement project for the Division of Insurance. Begun in fiscal year 2014-2015 and fully implemented in fiscal year 2015-2016, One DOI was initially born out of new responsibilities that arose from the Affordable Care Act (ACA). These changes in the insurance market, along with new legislation, made it an ideal time to examine the DOI’s alignment of resources, processes and technology to chart a fresh course forward.

The goals were to streamline operations while providing the flexibility to balance workloads and ensure that the division had both the appropriate expertise and the ability to transfer that knowledge within the division as future changes come along. All sections of the division engaged in meetings, workshops and process improvement discussions throughout the year.

As a result of “One DOI,” the division aligned its rate review and actuarial teams, and merged its financial affairs and corporate affairs sections. In addition, the market conduct teams were aligned with the consumer services sections to better identify trends in the complaints received from consumers so they can be properly evaluated.

The project allowed the division to establish a new mission: **Promote compliance and enforce laws to help protect consumers.** The One DOI evolution improves the division’s commitment to its customers and helps it be more effective, efficient and elegant.



DOI mission: Promote compliance and enforce laws to help protect consumers.





Improving the Consumer Experience

In fiscal year 2015-2016, the Consumer Services team changed its approach for handling consumer complaints.

DOI's Consumer Services team wanted to find a better approach to receiving consumer feedback than the survey postcards they were using. They used a Lean process to tackle the problem, meaning the team focused on improving and streamlining processes, looked for opportunities for engagement, and explored how to enhance every consumer's experience. By approaching the problem this way, the team realized that instead of finding a better way to receive feedback, the real challenge was finding a way to improve the actual consumer experience.

After reaching out to past consumers, the team identified a pattern of dissatisfaction linked to a lack of communication. The system focused on getting a response from an insurance company, but often didn't include communication with the consumer until the process concluded. A new process would have to focus on educating the consumer as well as resolving the complaint.

After several months of meetings and research, the new process was developed and implemented.

The key is more communication between all parties. When a complaint first comes in, a DOI analyst works with the consumer to go over the complaint to ensure the consumer understands the issue. When possible, the analyst will make a simple call to the company in an attempt to resolve the issue quickly. However the complaint is handled (a quick call or a formal letter between the company and the DOI), the analyst will also contact consumers after the insurance company



DOI's Consumer Services Team
Property & Casualty

responds and before the complaint file is closed, explaining the response to the consumers, identifying any next steps, and discussing any concerns that may not have been addressed.

DOI staff and consumers have both responded positively to these changes. Staff now have more ownership of the consumer relationship and can drill down to the root of the problem while managing expectations for the consumers. Feedback from consumers shows they feel more understood, and that even if the complaint is not resolved in their favor, the education and communication they received from the DOI helped them to understand the outcome and made for a more positive interaction.

In the next year, the team will work with vendors to create the technology needed to effectively track feedback. Other DORA divisions have expressed interest in this process for their consumer relations teams, and the Executive Director's Office at DORA has received positive consumer feedback regarding the new process, as well.



DOI Consumer Services Team
Health & Life



DOI Lean Team

Consumer Comments

"Process was much quicker than expected. Good communication during the complaint."

- February 2016

"I was impressed with how quickly everything was handled."

- April 2016

"She called back to make sure my problems were solved. Very nice lady."

- March 2016

"Thanks to the DOI and my excellent analyst. Without the DOI, my insurance company would have done nothing."

- May 2016

Accomplishments: FY 2015-2016

The DOI educates the public and serves as a consumer resource.

As part of continuing efforts to educate the public about the DOI as a consumer resource, especially regarding health insurance, the division conducted an extensive outreach and education campaign in fall 2015. The effort utilized several public service announcements (PSAs), digital banner ads on news websites, targeted emails, and other online features (in English and Spanish), as well as aired PSAs on Spanish language radio.

The television PSAs were viewed by over **5.7 million** people across the state; the online advertising was seen by more than **1 million** people; targeted emails were delivered to over **261,000** individuals; and Spanish-language radio PSAs reached **160,525** listeners.

The division also launched consumer friendly information about insurance, focused on health insurance in particular, on DORA's **Take 5 to Get Wise** website, askDORA.colorado.gov. Featuring the new askDORA owl, the website provides information about insurance in an easy-to-digest presentation with each page taking "less than five minutes" to read.

Also as part of DORA's "Take 5" campaign, the State Health Insurance assistance Program (SHIP) launched a statewide education and publicity effort in spring 2016 – "**Take 5 to Get Wise about Medicare.**" The campaign aired television PSAs in metro Denver, Colorado Springs and Grand Junction, which were seen by **2.5 million** viewers, as well as sent targeted emails to over **97,000** recipients throughout the state.

In addition, DOI worked in conjunction with the Colorado Health Foundation, the Department of Health Care Policy & Finance, Connect for Health Colorado, the Colorado Consumer Health Initiative, and other groups on the creation of a statewide **Health Insurance Literacy** program. The program aims to improve consumers' understanding of health insurance by issuing monthly themes via newsletters, social media and other communications outlets.



The DOI partnered and participated in collaborative educational efforts throughout fiscal year 2015-2016.

DOI staff worked with state agency partners – DORA’s Division of Professions and Occupations (DPO), the Colorado Department of Health Care, Policy & Finance (HCPF), and the Colorado Department of Public Health & Environment (CDPHE) – to develop and incorporate regulatory best practices for the assessment of health insurance carriers’ adequacy of their provider networks, and work towards providing more meaningful and up-to-date information to consumers.

The division worked with the Colorado Department of Transportation (CDOT) to help them contact insurance agents to educate them about CDOT’s Motorcycle Safety Operator Training program.

Additionally, the division joined a collaborative effort with the roofing industry, the property & casualty insurance industry, and organizations like the Better Business Bureau (BBB) to inform consumers about roofing scams. The campaign “No Roof Scams” launched in summer 2016 in an effort to help consumers avoid roofing fraud, particularly after damaging storms. The groups shared consumer information through their respective social media and news channels using the hashtag #NoRoofScams.

In 2016, DOI also identified opportunities to work with the BBB on issues related to insurance producers.

Lastly, Colorado insurance producer exams may now be administered at various military sites in the United States and overseas. This allows military personnel transitioning out of the service or preparing for a move, as well as their family members, to take the next step in a new career. DOI staff promoted this change at Buckley Air Force Base during a presentation to military personnel on February 26, 2016.



Media Outreach

- PSAs - **5.7 million views**
- Online Ads - **1.1 million views**
- Radio Ads - **160,525 listeners**
- Emailed Information - **261,600 recipients**

SHIP Outreach (Medicare)

- PSAs - **2.5 million views**
- Emailed Information - **97,808 recipients**



The DOI worked to continually update industry regulations and issue bulletins throughout the fiscal year.

Throughout fiscal year 2015-2016, the DOI tackled two major areas of regulations to improve. Through a process that included collaborative workgroups, the division developed five new regulations for the Title Insurance industry. These new regulations address four distinct areas of that industry: rates and fees for title insurance; consumer protection; standards of conduct for title insurance entities; and the fiduciary duties of title insurance entities. The new regulations took what had been a single, unwieldy and confusing regulation and broke it up into five smaller, easier-to-understand regulations.

Over the course of the year, the five workgroups garnered input from the title insurance industry, real estate agents, lenders and mortgage brokers, attorneys and consumers. The DOI expects these new regulations to become official in fiscal year 2016-2017. The new title insurance regulations not only clarify what the division expects of the industry in terms of compliance – a better way of laying out the rules – they will also serve to better protect consumers by creating standards that will provide more information and provide more transparency.

While working with stakeholders is one way the DOI reviews and updates its regulations, the division also uses information from the National Association of Insurance Commissioners (NAIC) as another method. As part of its effort to implement the NAIC Model Law on Network Adequacy, this past year the DOI issued bulletins regarding: 1) how health insurance companies count and measure healthcare providers to ensure that consumers can access the care they need; 2) the continuity of care for patients when networks change; and 3) provider directories. Bulletins provide guidance to the insurance companies regarding how the division interprets laws.

In the coming year, specifically the first half of fiscal year 2016-2017, the DOI expects to codify these bulletins into regulations with the intent that they will become effective by January 1, 2017. These changes give the health insurance industry a better picture of what regulators are measuring in terms of network adequacy, while providing clear markers for Colorado consumers to look for when researching carriers, and ensuring consumers have access to information about network participation.

Looking Ahead

The Division of Insurance continues its efforts for fiscal year 2016-17.

Complete review and analysis of 2017 health insurance plans and premiums for the individual and small group markets.

As part of the Health Cost Workgroup, and in conjunction with physicians, hospitals and health insurance carriers, develop possible solutions to the rising costs of healthcare in Colorado.

Implement a DOI awareness and health insurance education campaign using online videos and ads, radio spots and targeted emails.

Develop guidance for industry regarding new regulations for title insurance.

Provide a better online platform for property and casualty insurance companies to submit and view their rate filings.

Review the loss costs component of workers' compensation premiums for 2017. Loss costs are the average cost of lost wages and medical payments of injured workers.

For property and casualty insurers, provide improved checklists to assist in submitting rate filings to the division. These checklists will ensure better compliance by the insurance companies and will minimize delays in the division's review process.





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Division of Insurance | 1560 Broadway, Suite 850, Denver, CO 80202
Phone: 303.894.7499 | Fax: 303.894.2683 | 1.800.930.3745
dora_insurance@state.co.us | dora.colorado.gov/insurance