



Dora
Department of Regulatory Agencies
Division of Insurance

Annual Report
On
Complaints Against Insurers
Fiscal Year 2010-2011

September 22, 2011





Dora
Department of Regulatory Agencies

Division of Insurance
Jim Riesberg
Commissioner of Insurance

John W. Hickenlooper
Governor

Barbara J. Kelley
Executive Director

September 22, 2011

Dear Friends:

The Division of Insurance is pleased to submit the Annual Report of the Commissioner of Insurance on Complaints Against Insurers for Fiscal Year 2010-2011. This report is submitted pursuant to §10-16-128, C.R.S. and provides data for the previous five years identifying the trends in consumer complaints received by the Division regarding certain types of insurance. We have focused the report on the types of insurance most commonly sold to consumers including auto, health, life, homeowners, liability, annuity, and title insurance.

The report also references the 2010 Complaint Ratio and Complaint Index Reports that provide consumers with information about the number of complaints lodged against specific insurers and health carriers. While we have included the 2010 complaint ratios and index calculations for the top 10 carriers in each line of business, please recognize that these numbers are on a calendar year basis, while most of the other statistics in this report are on a fiscal year (July 1 to June 30) basis. The Complaint Ratio and Complaint Index Reports are separately available, and you can search them by specific company name and line of business on our website at www.dora.state.co.us/insurance; click on "Consumer Information" and then on "Complaint Index and Reports."

The mission of the Division, and the Department of Regulatory Agencies of which the Division is a part, is consumer protection. We appreciate the opportunity to report on the types of questions and complaints we receive, and the trends demonstrated in this analysis. If you have any questions, please contact me at the Division.

Sincerely,

Jim Riesberg
Commissioner of Insurance

Complaints Against Insurers for the Fiscal Year 2010-2011

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Executive Summary

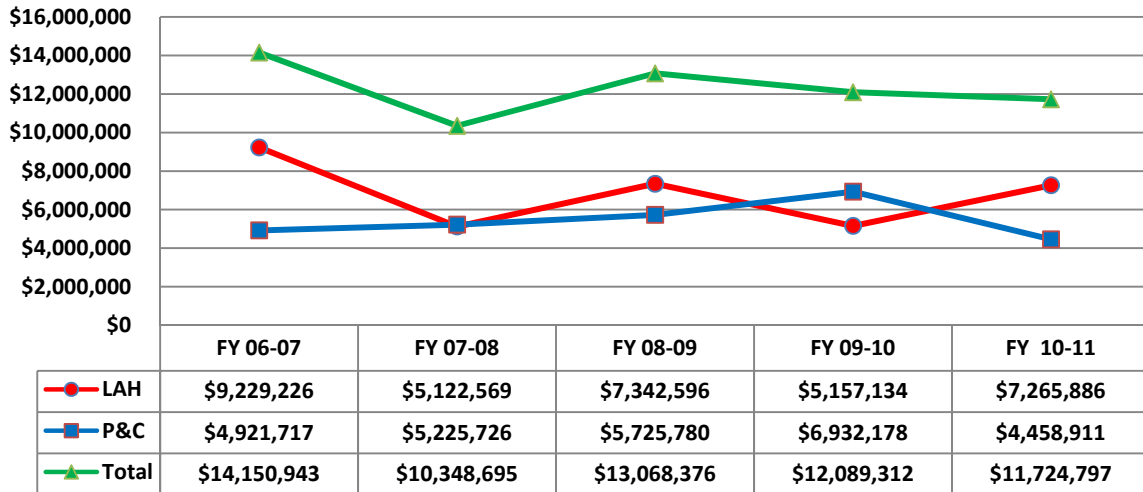
This report is submitted to the Colorado General Assembly to fulfill the requirements of Colorado Revised Statutes §10-16-128 for an annual report on the number, nature, and outcome of complaints against insurers during the preceding 12 months. The Division of Insurance (Division) issues this report on an annual basis by October 1 of each year using data from the prior fiscal year that runs July 1 to June 30. We include five years of historical data to permit analysis of trends.

The Division has 18 staff dedicated to assist consumers with complaints against insurers and to respond to consumer questions about insurance issues. The staff is broken down into two teams handling life, health and related issues (LAH), and those dealing with issues in the property and casualty areas (P&C). In addition, the Division operates the Senior Health Insurance Program (SHIP) and Senior Medicare Patrol (SMP) programs under federal grants to counsel and advise seniors on the federal Medicare program, Medicare Advantage plans, Medicare Part D Prescription Drug Coverage, Medicare Supplement, and long-term care coverage. Statistics from the SHIP and SMP programs are not included in this report but will be in a separate report.

In Fiscal Year 2010-2011 (FY 10-11), the Consumer Affairs staff logged over 18,000 incoming consumer telephone calls, almost 4,000 emails, and hundreds to thousands of pages of correspondence from consumers with questions and issues about insurance coverage of various types. Of these communications, 4,257 became formal consumer complaints against specific insurers. Formal complaints are required to be in writing or filed through the Division's website at www.dora.state.co.us/insurance or through www.askdora.gov.

During FY 10-11, the Division recovered more than \$11.7 million for consumers in additional claims payments, overturned denials of benefits, reinstatements of coverage, and cancellation of insurance policies with the return of consumers' money. These recoveries for individual consumers are in addition to the Division's review of health insurance premium rates and restitution and recoveries ordered through investigation and examination of companies through the Market Regulation and Compliance and Investigations sections of the Division. The Market Regulation and Compliance and Investigations sections address systemic issues, while the LAH and P&C sections of the Division's Consumer Affairs operations handle individual consumer complaints and inquiries.

**Division of Insurance Consumer Affairs
Recoveries for Consumers**



LAH includes all lines of Life and Health insurance, including health, life and annuities. P&C is Property and Casualty insurance, which includes auto, homeowners, liability and title insurance.

Overall, denial of claims and delays are the most often cited reasons for consumer complaints. In FY 10-11, denial of claims was a reason for consumers' complaints 21 percent of the time. Delays in claims handling and other areas were a reason in 12 percent of the complaints. Premium and rating issues were the third most numerous reasons for complaints at 9 percent. These percentages are calculated across all lines of insurance, though the chart below identifies the most frequent reason for the major lines of insurance.

Consumers file complaints for all types of insurance and the reasons for the complaints tend to vary by the line of insurance. Complaint reasons are broken down by applicable functional area – Underwriting, Claims Handling, Policyholder Services, and Marketing and Sales. The “top ten” reasons for complaints for each line of insurance are shown in the separate “by type” sections of the report.

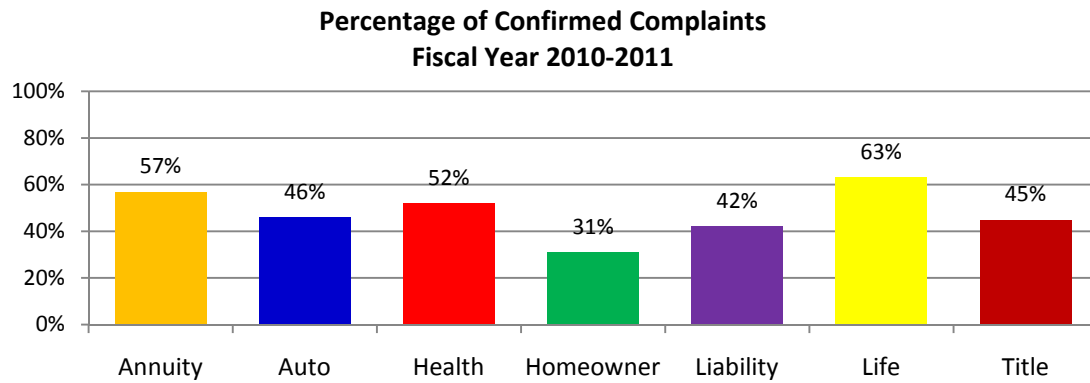
**Top Complaint Reasons for Major Types of Insurance
Fiscal Year 2010-2011**

Annuities	Misrepresentation (Marketing & Sales)
Auto Insurance (including Auto Protests)	Premium and Rating (Underwriting)
Health Insurance	Denial of Claim (Claims Handling)
Homeowners Insurance	Denial of Claim (Claims Handling)
Liability	Denial of Claim (Claims Handling)
Life Insurance	Misrepresentation (Marketing & Sales)
Title Insurance	Denial of Claim (Claims Handling)

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales.

While many complaints result in recoveries for consumers, the Division also receives complaints and inquiries that, upon investigation, do not indicate wrongdoing by the insurance company. In these circumstances, the Division educates the consumer on the requirements of their insurance policy and state law and regulation.

A “confirmed complaint” is a complaint found to involve a violation of law, regulation, or disregard for the contractual policy provision. Shown below for FY 10-11 are the percentages of confirmed complaints by type of coverage:



Introduction

Consumer protection is the mission of the Colorado Department of Regulatory Agencies and the Division of Insurance.

Governing Statutes and Operational Goals

The Colorado Insurance Code at CRS §10-1-101 provides the guiding principles of the Division:

- Promote the public welfare by regulating insurance;
- Ensure that insurance rates are not excessive, inadequate or unfairly discriminatory;
- Give consumers the greatest choice of policies at the most reasonable cost possible; and
- Permit and encourage open competition between insurers on a sound financial basis.

To achieve the Division's mission, the operational goals of the Division of Insurance are that:

1. Consumers have as many legitimate insurance choices as possible;
2. Consumers have access to needed information to make these choices; and
3. Companies competing for consumers' business are in full compliance with the laws and rules of Colorado.

Structure of the Consumer Affairs Sections of the Division

Under the Commissioner of Insurance, appointed by the Governor and confirmed by the Colorado Senate, two Deputy Commissioners oversee the day-to-day operations of the Division. The Deputy Commissioner for Consumer Affairs manages four sections of the Division that focus on assisting consumers:

- Consumer Affairs – Life, Accident and Health (LAH)
- Consumer Affairs – Property and Casualty (P&C)
- Compliance and Investigations
- Senior Health Insurance Program

Eighteen staff members in the LAH and P&C Consumer Affairs sections answer consumer inquiries about insurance laws, policies, and practices. These staff field over 18,000 telephone calls, almost 4,000 emails, and hundreds of letters a year with questions and issues about insurance coverage. Of these communications, 4,257 became formal consumer complaints against specific insurers. Formal complaints are required to be in writing, against a specific insurer, and within the jurisdiction of the Division to address. Consumers can send complaints to the Division through correspondence, email or the Division's online complaint form on the Division's website at www.dora.state.co.us/insurance or www.askdora.gov.

The Consumer Affairs staff has primary responsibility for handling complaints. This includes:

- Investigating the allegations of complaints submitted to the Division;

- Working with consumers, providers, insurers, employers and insurance producers (agents and brokers); and
- Ensuring that insurance policy provisions, laws and regulations are followed.

The Consumer Affairs analysts are knowledgeable about state and federal laws regulating insurance, the regulations and interpretive bulletins issued by the Colorado Insurance Commissioner, and the appropriate business practices of insurance carriers and producers.

Colorado is a member of the National Association of Insurance Commissioners (NAIC). The Division maintains records of the complaints it receives and handles through an electronic database. The Division transmits aggregate information about the complaints filed in Colorado to the NAIC complaint database system. This system provides national statistics about the performance of insurance companies and informs Insurance Commissioners about emerging issues and business practices of concern to consumers. Reports with the aggregated national data are available on the Consumer Information Source page on the NAIC's website at www.naic.org/cis.

Comparison to Other States

The NAIC publishes an annual Insurance Department Resources Report that provides information about the various states' insurance regulators. This report permits some comparison of the operations of the Division's Consumer Affairs sections with those of other states.

2010 NAIC Insurance Department Resources Report Colorado and Surrounding States

State	Number of Consumer Affairs Staff	Number of Complaints*
Colorado	18	4,742
Arizona	10	2,421
New Mexico	11	666
Kansas	19	3,764
Nebraska	12	1,600
Wyoming	4	386
Utah	5	1,207

* Calendar year data.

The Colorado Division's Consumer Affairs sections are very successful in obtaining recoveries for consumers. Based on news releases from other states, Colorado's recoveries compare as follows:

Consumer Affairs Recoveries Reported by States – 2010*

State	Number of Complaints	\$ Recoveries
Colorado	4,742	\$11.1 million
Wisconsin	7,400	\$7.3 million
Missouri	4,200	\$10.5 million
Maine	1,000	\$3.5 million
Louisiana	3,754	\$9.6 million
Kansas	3,820	\$10.2 million
North Carolina	8,700	\$10.1 million
California	n/a	\$52.3 million

* Calendar year data.

Overview of the Complaint Process

Consumers raise concerns with how insurance companies deal with them in many ways – telephone calls, emails, and letters to the Division, filling out the Division’s website complaint form, and talking with staff at public meetings and forums. The Division receives inquiries from individual consumers, employers, health care providers, insurance producers (agents and brokers), legislators on behalf of constituents, and even from insurance companies about their competitors or themselves.

Consumer Education

One of the primary functions of the Consumer Affairs staff is to educate consumers about their rights and responsibilities under insurance contracts. The Division publishes a variety of materials on our website and through brochures on current topics in insurance. Among the materials are guides to purchasing insurance, frequently asked questions on specific “hot” topics, and information about legislative and regulatory changes in insurance coverage and benefits.

The Division’s Consumer Affairs sections log incoming telephone calls, emails, walk-in visitors, and other types of communications from consumers. In FY 10-11, the Consumer Affairs staff fielded over 22,500 consumer contacts. This compares to previous years as follows:

Consumer Contacts by Fiscal Year

FY 2010-2011	22,500
FY 2009-2010	26,000 ¹
FY 2008-2009	28,000
FY 2007-2008	25,000
FY 2006-2007	26,000

The Division’s Consumer Affairs sections have translation services available for non-English speaking consumers, and have one staff member fluent in Spanish to provide assistance when needed.

Sometimes, the inquiries from consumers are a “quick question” or request for general information. These include whether a company or producer is licensed in Colorado, how to reach a company, and what options a consumer has to question an insurance company or health carrier’s claim determinations. Other inquiries from consumers, producers and companies may be about a particular issue, a reference to the insurance statutes or regulations, or for information about requirements of Colorado laws.

The Consumer Affairs sections make a distinction between inquiries and formal complaints and protests. Formal complaints are about a specific issue that a consumer is having with their insurance company or insurance coverage. Complaints are required to be in writing and the Division requests specific information about the company’s name, type of coverage, policy number, claim number, description of the issues, and a statement of what resolution is desired.

¹ During FY 09-10, the Division separated the Senior Health Insurance Program telephone call queue from the Consumer Affairs queue. This accounts for the majority of the reduction in FY 09-10 and subsequently over previous years.

Consumers can file complaints electronically through the Division's website, by e-mail, or by letter. When contacted by consumers, by phone or in person, Consumer Affairs personnel will often provide consumers with general information and request that the consumer file a formal complaint for the Division to address.

Division of Insurance Jurisdiction

Not all insurance plans or issues are within the Division's jurisdiction. Health care plans and policies that do not fall within the Division's regulatory authority include: benefit plans covering federal employees; Medicare, Medicaid; the Child Health Plus plan; policies written outside the state of Colorado; self-funded employer health plans and labor management trust plans. A self-funded health plan is one where the employer provides the funds for providing health care benefits and determines the plan's benefit levels. One quick way for most consumers to identify whether their health coverage comes under the Division's authority is whether there is a notation of "CO-DOI" on the front of their health insurance card.²

On the Property and Casualty side, the Division cannot determine the percentage of liability or adjudicate fault where disputed, e.g. which vehicle caused an auto accident, or how much a person contributed to situations leading to damage or injury. Issues of workers' compensation claims are handled by the Division of Workers' Compensation in the Colorado Department of Labor and Employment, while questions of an employer's classification for workers' compensation coverage are handled by the Division.

If the Division does not have jurisdiction to address a particular complaint, the Division will refer the consumer to the federal or state agency best able to assist the consumer on the particular issue.

Steps in the Complaint Process

Once the Division's jurisdiction over a complaint is determined:

- A complaint is assigned to a Consumer Affairs analyst to review and conduct an investigation.
- The assigned analyst sends a letter to the company on behalf of the consumer, enclosing a copy of the consumer's complaint. The complaint analyst may request additional information from the company about the dispute, but requests the company respond directly to the consumer about the complaint with a copy of the response to the Division.
- Consumers receive copies of all correspondence between the company and the Division pertinent to the specific complaint.
- The response period for a company is usually 20 days to research and respond to the consumer's complaint. The company may request an extension and, if warranted, it may be granted. However, the Division's emphasis is always on getting the consumer's concerns resolved promptly.

Upon receipt of the company's response, the assigned analyst reviews the response, ensures that the consumer's questions and issues are addressed, and determines whether a law, regulation or insurance policy provision have been violated. In most cases, the issue is resolved

² CRS §10-16-135 and Insurance Regulation 4-2-29.

through this initial correspondence. However, if the consumer's concern is not resolved, the analyst may conduct further investigation and inquiry.

If the analyst finds that the insurance company has violated state law or regulation or breached a provision of the insurance policy, the Division may:

- Issue an order prior to imposing a fine on the company or the licensed producer;
- Require payment to the consumer or on the consumer's behalf for wrongfully denied or withheld benefits, refund of premiums paid, or reinstatement of insurance coverage; or
- Pursue enforcement of statutory, regulatory or policy provisions through administrative action, including referral for further examination, action against a license, or, in some instances, referral for criminal prosecution.

The Commissioner can order a company or producer to comply with the laws, regulations and/or policy provisions in the matter at hand, and in all future transactions pertaining to the subject matter of the complaint. The Division may require the company to conduct a self-audit and pay restitution to the complainant and other consumers who have the same issue but may not realize it. The Division monitors consumer complaints to determine if a company or producer has a pattern of complaints or wrongdoing. If the investigation of the complaint indicates possible producer violations or unlicensed activity, the Consumer Affairs staff sends the matter to the Division's Compliance and Investigations section for an administrative action, i.e. license revocation, or to the Attorney General's office for criminal prosecution.

When a complaint's outcome shows the company or producer acted appropriately and within the requirements of law and the insurance policy, the Consumer Affairs staff works to educate consumers. This focuses on helping consumers to understand their insurance coverage and their rights and responsibilities under it, the requirements of the law, and the applicable principles of insurance coverage.

Consumer Feedback on the Complaint Process

The Division strives to resolve consumer complaints as quickly as possible. The Division's goal is to have 85 percent of complaints resolved in 90 days. In FY 10-11, 82 percent of complaints were resolved within 90 days and 86% were resolved within 120 days. There is a substantial difference in the resolution and complaint closure time by the various types of insurance.

Average Days to Closure Fiscal Year 2010-2011

Annuities	55 days
Auto	40 days
Health	148 days
Homeowners	49 days
Liability	61 days
Life	104 days
Title	89 days

The Division added staff to the Life and Health Section during FY 10-11 to better balance the workload of analysts and to alleviate delays in handling complaints due to the volume and complexity of health and life complaints.

Once a matter has been resolved or the Division's investigation completed, the Division informs the consumer of the outcome of the complaint and the closure of the Division's file. For quality control purposes, the Division sends consumers a postcard when the file is closed, asking for an evaluation of the handling of the complaint. In FY 10-11, 32 percent of consumers receiving the postcard returned it. Of those returned, 50 percent rated the Division's work as "excellent" on at least one criterion, and another 21 percent as satisfactory. To determine if the Division can improve the handling of any matter, the analyst and their supervisor review all cards expressing dissatisfaction.

Division staff regularly analyzes complaint statistics and trends to determine whether a pattern or practice is developing in a single company or within a segment of the industry and recommend actions to address them. This analysis may lead in one of several directions – clarification of the Division's interpretation of a law or regulation, amendment of a regulation to strengthen a requirement, or a recommendation for a change in state law. The Division also reviews trends and analysis of complaint statistics in scheduled market conduct examinations of companies, or may trigger a special investigation, desk audit, or compliance action.

The Division also uses complaint trend information to determine if additional education for consumers and insurance producers should be available. We develop new consumer education materials, alerts and tips, Frequently Asked Questions (FAQs), and other publications to respond to these information needs.

Complaint Analysis and Trends

Numbers of Complaints

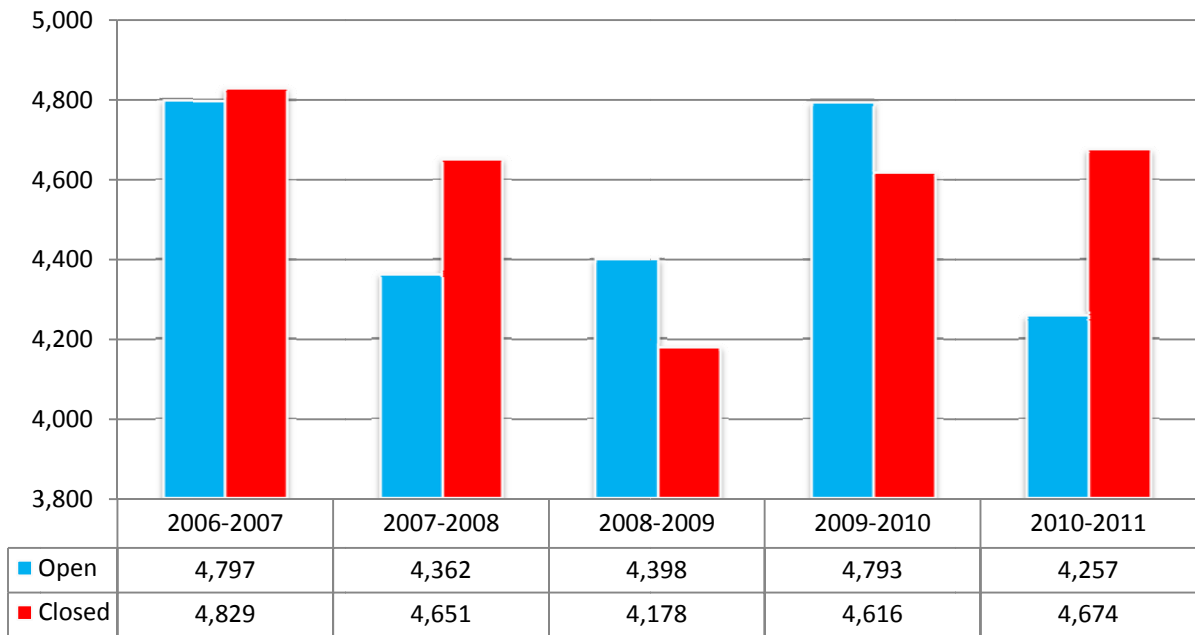
In FY 10-11, the Division's Consumer Affairs sections handled complaint files as follows:

Fiscal Year 2010-2011 Complaint Totals

	Life, Accident and Health	Property and Casualty	Auto Protests	Total
Opened Complaints	1,017	1,964	1,276	4,257
Closed Complaints	1,290	2,066	1,318	4,674

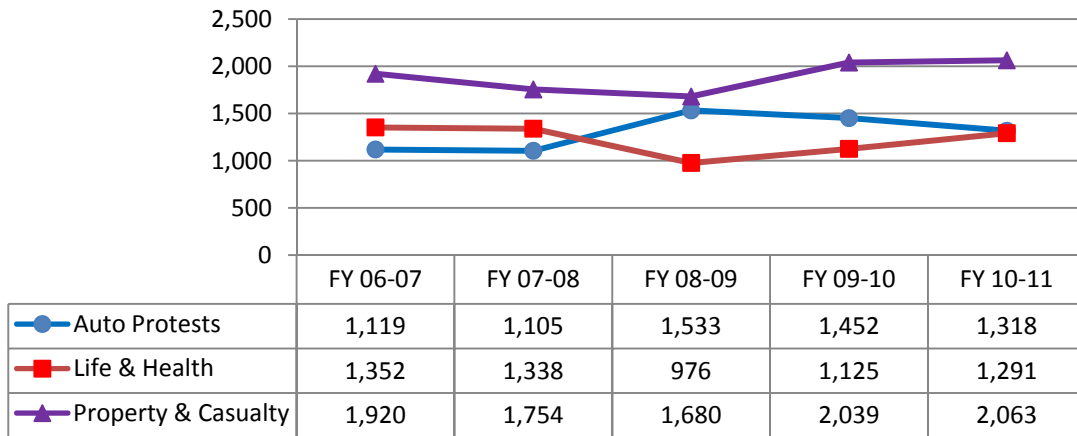
Compared to prior years, the number of opened complaints is slightly down, while closed complaints are up.

Complaints – Year-to-Year Comparison



The number of complaints fluctuates around an average of 4,500 per year with certain external factors causing variations from year to year. As is shown in the following chart, in FY 10-11 both Property and Casualty and Life and Health complaints were up slightly from the prior year, and were up from their five-year low point in FY 08-09. Auto protests were down in FY 10-11 from the two prior fiscal years.

**Volume of Complaints by Area
Fiscal Year 2010-2011**



The number of complaints by policy type, i.e. auto, health, homeowner, title, etc., are generally stable from year to year, though the proportion of complaints for homeowners coverage has doubled in five years.

Proportion of Complaints by Policy Type

	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Annuity	1.8%	1.6%	0.8%	1.1%	0.5%
Auto Protests	25.8%	25.6%	36.7%	31.4%	28.2%
Auto	25.8%	26.9%	24.6%	23.4%	22.5%
Health	29.0%	26.1%	18.0%	19.5%	21.7%
Homeowner	7.1%	9.3%	9.5%	15.0%	16.2%
Liability	1.4%	1.7%	2.1%	2.0%	1.7%
Life	4.8%	5.0%	4.4%	3.8%	5.5%
Other (combined)	3.1%	2.4%	2.5%	2.7%	3.0%
Title	1.2%	1.3%	1.4%	1.2%	0.9%

Percentages may not total to 100% because of rounding.

Auto insurance complaints have been decreasing slightly from year to year. Included in complaints about auto insurance are issues under various auto coverages: liability, medical payments, collision and comprehensive, uninsured and underinsured motorist. Auto protests are consumer challenges to an auto carrier's imposition of surcharges, cancellation or non-renewal, or reduction in coverage on a personal automobile insurance policy. Colorado's system of permitting a consumer to file a challenge is unique. No other state uses the same process to address whether auto insurance surcharges, cancellations, non-renewals or reductions in coverage are appropriate.

Health insurance complaints comprise about 18 to 22 percent of the complaints lodged with the Division. The Division expects this is because it regulates only about 40 percent of Coloradans' health coverage. As reported in the 2010 Annual Report on Health Care Costs published by the Division, approximately 55 percent of Coloradans get their health coverage through their (or a family member's) employer. Of this, 21 percent of the coverage is through employer self-funded health plans not regulated by Colorado but subject to federal law. Another six percent of Coloradans have coverage purchased in the individual insurance market.

We anticipate that the proportion of health complaints subject to the Division's jurisdiction will increase as the federal health care reforms enacted in 2010 take effect in 2014. The Division's

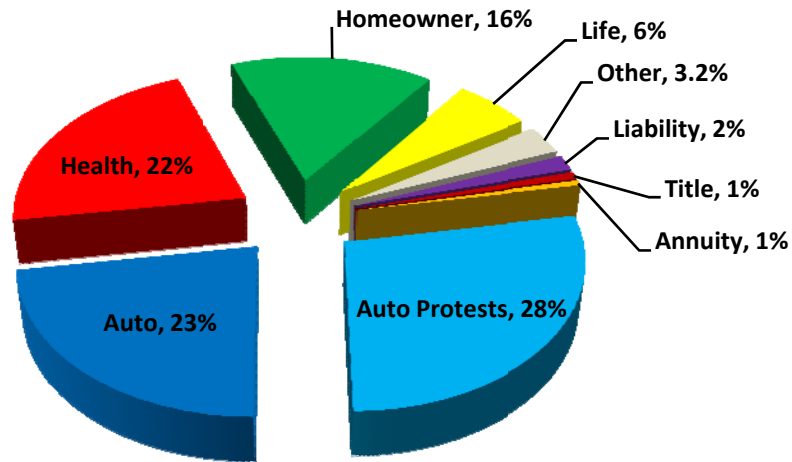
workload in addressing and resolving complaints about health coverage and benefits is expected to increase with the establishment of health exchanges to provide more Coloradans access to health insurance through qualified health plans in the individual and small group markets.

Homeowners' insurance complaints have substantially increased in the past two fiscal years. This increase is most likely due to the increase in the number of weather-related losses: the severe hail and thunderstorms in the summers of 2009 to 2011, the wildfires of 2010 and 2011, and economic conditions where consumers repair damage to homes covered under insurance to support continued property appreciation.

Life insurance complaints and complaints about annuity products often sold through life insurance companies remain relatively stable at approximately five percent of the complaints the Division receives.

The "Other" category includes several types of insurance where the Division receives few complaints. Under Property and Casualty, it includes pet insurance with six complaints (doubled from three in FY 09-10) and travel or trip insurance with 15 complaints (up from 11 the prior fiscal year). Other Property and Casualty insurance types under "Other" include commercial multi-peril policies with 59 complaints, dwelling fire insurance with 13 complaints, and federal crop insurance with a single complaint. For Life, Accident and Health, the "Other" category includes credit insurance with three complaints in FY 10-11. Service warranties are not insurance products in Colorado and are not included in these statistics.

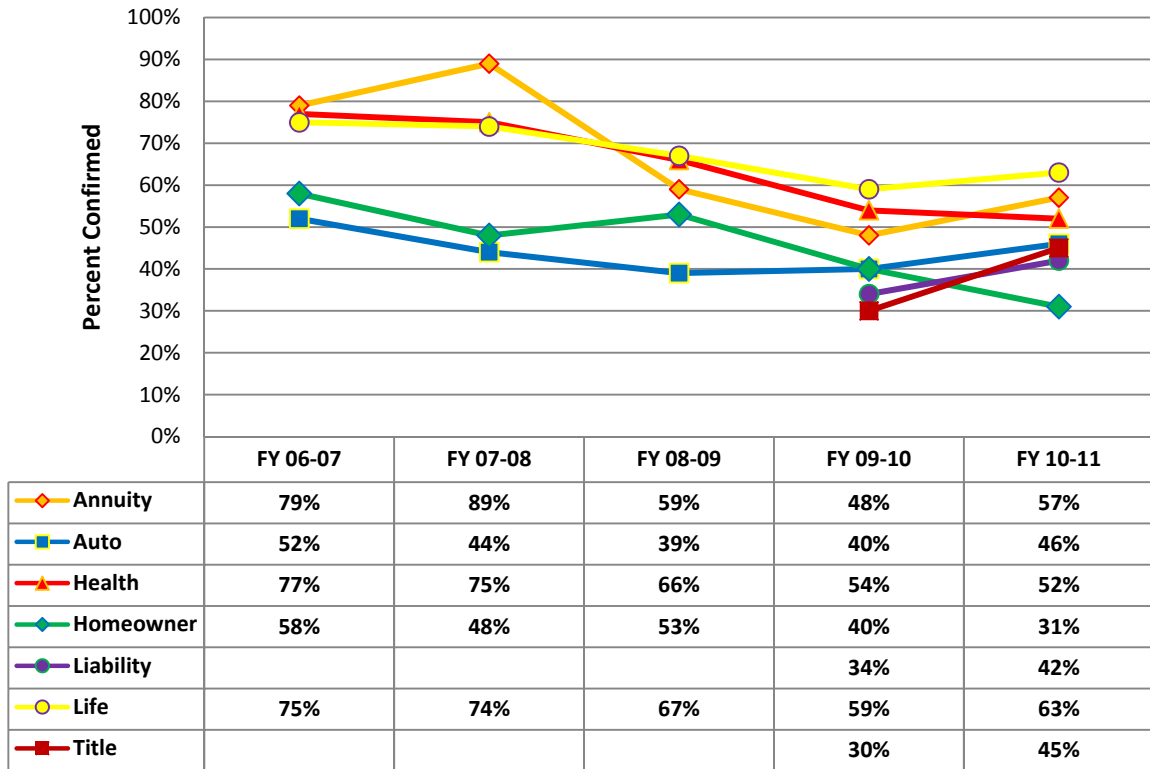
Proportion of Complaints By Type of Coverage in Fiscal Year 2010-2011



Complaints Where the Company is Found to be in the Wrong

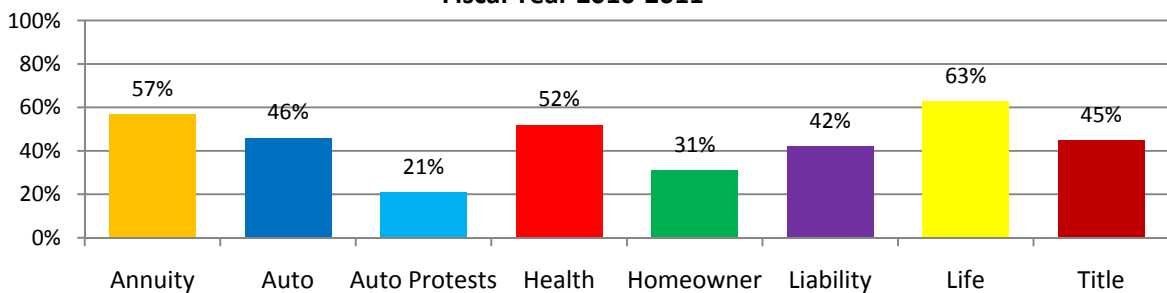
The Division of Insurance calculates the percentage of complaints where it finds the insurance company to be wholly or partially in violation of the law or the policy provisions. A confirmed complaint is one in which the Division found that the company had not complied with the law, a regulation, or the insurance policy contract and upheld the consumer's position.

Confirmed Complaint Trends



Note that for life, health and annuity complaints, the Division finds the complaint confirmed and the company in violation of law or policy provisions more than 50 percent of the time. For auto (combined with protests) and homeowners, confirmed complaints are one in three and down from more than 50 percent in past years. When separated, confirmed auto complaints are 46 percent while protests are found in the consumer's favor only 21 percent of the time. Of concern are the increases in confirmed complaints for title, liability and annuities.

Percentage of Confirmed Complaints Fiscal Year 2010-2011

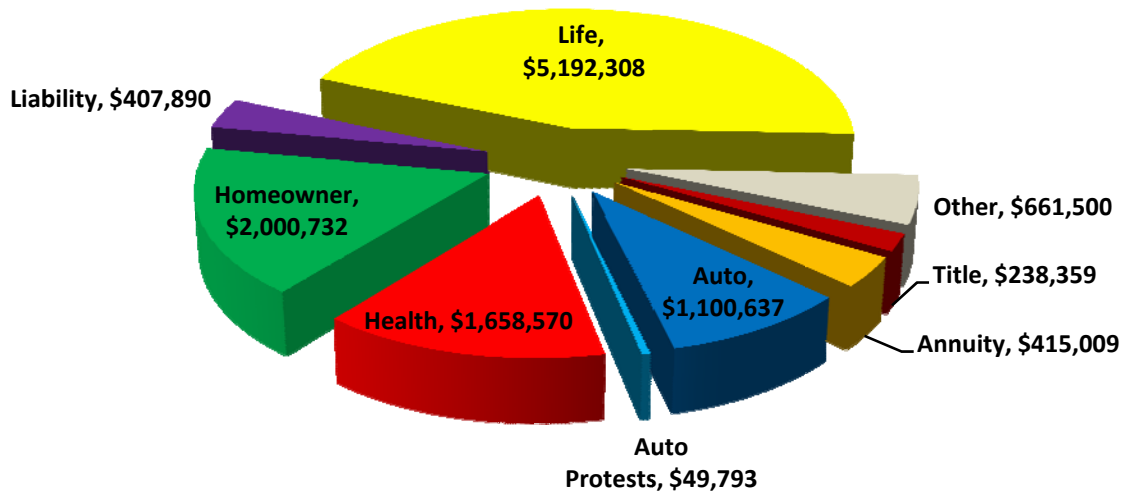


Recoveries for Consumers

In FY 10-11, the work of the Division's Consumer Affairs sections resulted in recovered or additional benefits to consumers of more than \$11 million. This includes additional claims payments, overturned denials of benefits, reinstatements of coverage and in cancellation of policies with the return of consumers' money.

By line of insurance, the recoveries in FY 10-11 were:

Value Recovered for Consumers



The comparison of complaints in FY 10-11 by type of coverage and proportions of total complaints, confirmed complaints and recoveries shows substantial differences between lines of insurance. In FY 10-11, as in many prior years, substantial large dollar recoveries in the life insurance and annuities arenas, despite relatively few numbers of complaints, is the norm.

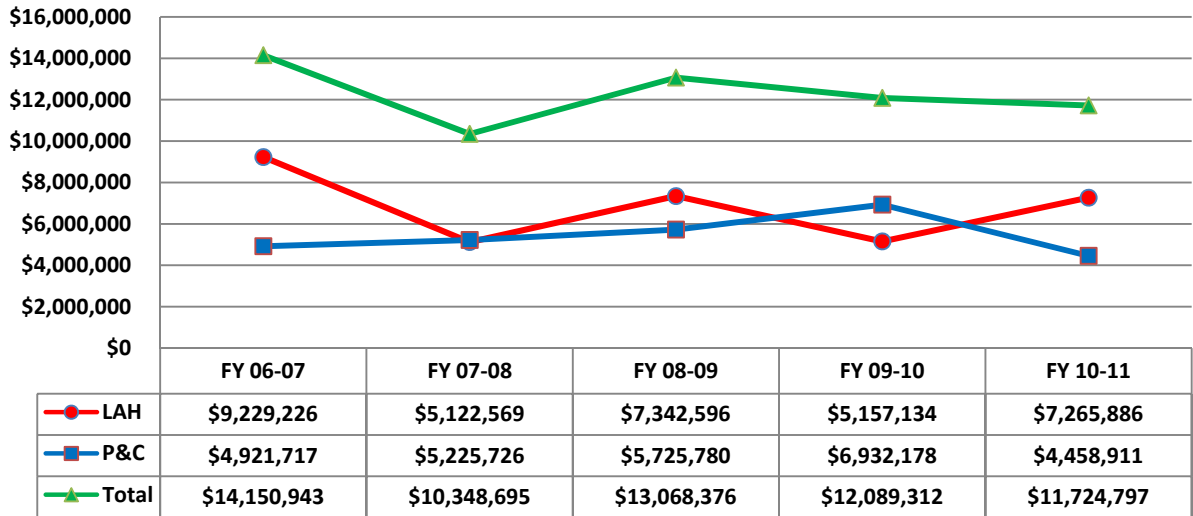
Average Dollar Recoveries by Type of Coverage and Confirmed Status

	% Complaints	% Confirmed	\$ Recovered on Confirmed Complaints	Avg. \$ Recovery per Confirmed Complaint
Annuity	1%	57%	\$287,991	\$22,153
Auto	23%	46%	\$1,040,286	\$2,163
Auto Protests	28%	21%	\$49,566	\$180
Health	22%	52%	\$1,236,870	\$2,338
Homeowners	16%	31%	\$1,969,604	\$8,311
Liability	2%	42%	\$403,941	\$12,241
Life	6%	63%	\$4,850,908	\$30,130
Title	1%	45%	\$238,359	\$13,242

Please note that the Division recovered \$989,418 for consumers on unconfirmed complaints and inquiries.

Recoveries obtained for consumers by the Division's Consumer Affairs staff based on all complaints have averaged \$12,390,680 over the last five years. As shown in the following chart, in FY 10-11, the total recoveries were slightly down from this average at \$11,724,797.

Division of Insurance Consumer Affairs Recoveries for Consumers



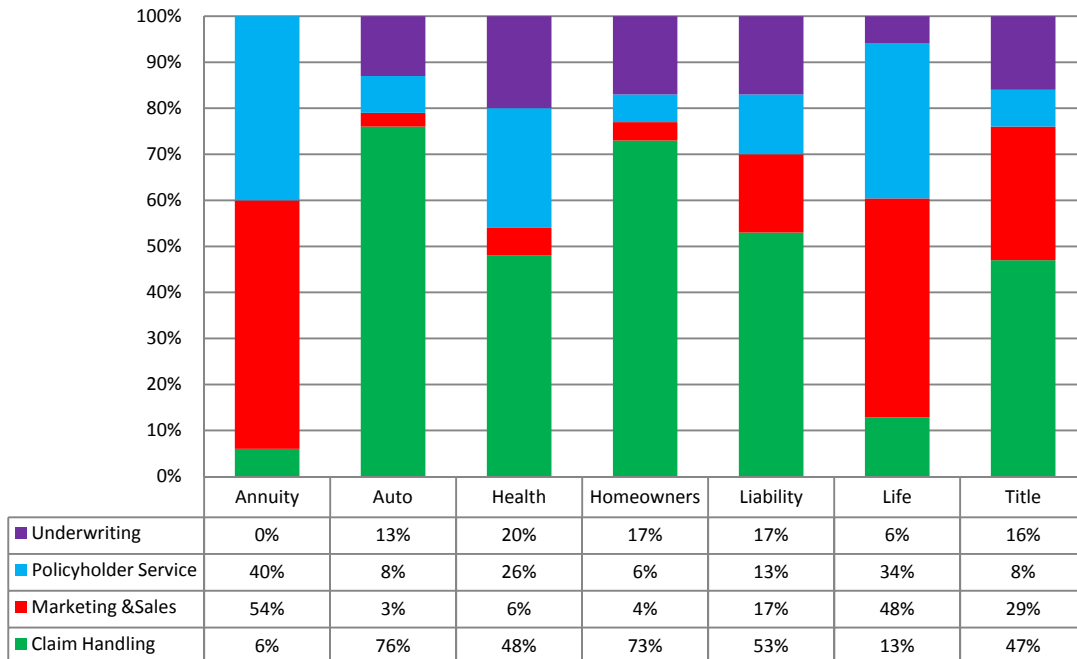
LAH includes all lines of Life and Health insurance, including health, life and annuities.
P&C is Property and Casualty insurance, which includes auto, homeowners, liability and title insurance.

Complaint Reasons By Category and Type of Insurance

The issues or reasons that consumers file complaints against insurers are categorized into four areas of insurance company operations: Claims Handling (CH), Marketing and Sales (MS), Policyholder Services (PS) and Underwriting (UW). The proportion of complaints in any category varies by the type of insurance. For most types of insurance, Claims Handling generates the most complaints. However, for life insurance, Policyholder Services is the most significant source of complaints. For annuities, Marketing and Sales takes over from Claims Handling as the largest category of complaint reasons.

The following chart shows the breakdown by type of insurance for the four reason categories:

Reason Categories by Type of Insurance



As noted previously, the most frequent complaint reasons overall are in Claim Handling, and are half or more of the total reasons for auto, homeowners, and liability. For annuity and life insurance, Marketing and Sales issues are the primary complaint reasons followed by Policyholder Service. For health, homeowners, liability, and title coverage, Underwriting is a complaint reason in almost one fifth of the complaints.

Annuities

An annuity is a contract in which an insurance company makes a series of income payments at regular intervals in return for a premium or premiums paid to the insurance company. Life insurance companies sell most annuity contracts. Consumers often purchase annuities for future retirement income.

Once a consumer chooses to annuitize, or take payments out, that decision cannot be changed. Electing to annuitize a contract means no longer being able to change the terms of the payments. Consumers no longer have access to money they paid to the insurance company outside of the payment plan elected when they annuitize.

According to the 2010 Colorado Insurance Industry Statistical Report, by premium volume, 82% of annuities sold to Coloradans are individual annuities. Group annuities in Colorado are 18%. These percentages track relatively closely with the proportion of complaints. The majority of annuity complaints are about individual annuities at 78%, while group annuity complaints represent 22% of the total.

For purposes of complaint analysis, individual and group annuities are combined. The following table shows the reasons logged on annuity complaints for FY 10-11, and the four prior fiscal years.

Top Five Annuity Complaint Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Misrepresentation (MS)	27%	31%	20%	19%	23%
2.	Suitability (MS)	25%	24%	18%	17%	14%
	Information Requested (PS)	*	*	6%	2%	14%
3..	Misleading Advertising (MS)	*	*	*	4%	9%
4.	Agent Handling (MS)	7%	3%	10%	4%	6%
	Cash Value (PS)	*	*	8%	7%	6%
	Delays/No Response (PS)	2%	6%	10%	7%	6%
5.	Claim Delay (CH)	*	*	*	*	3%
	Denial of Claim (CH)	*	*	*	*	3%
	High Pressure Tactics (MS)	*	*	*	*	3%
	Abusive Service (PS)	*	*	*	*	3%
	Class Action (PS)	*	*	*	*	3%
	Coverage Question (PS)	*	*	*	2%	3%
	Other (PS)	*	6%	2%	5%	3%
	Premium Refund (PS)	5%	2%	2%	6%	3%
	Total Reasons	66%	72%	76%	73%	102%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales.

(*) denotes a reason that was not included in that year's top reasons. Totals may not total to 100% due to rounding.

Several of the complaint reasons for annuities involve insurance producer (agent or broker) actions. Misrepresentation complaints often involve failure to disclose, or adequately explain, surrender charges for cancelling a policy. Suitability complaints usually contain concerns about consumers' understanding of the product they are being sold and whether it is appropriate for

their needs and goals. This year’s spike in complaints about information requested and misleading advertising concern company and producer business practices. While among the smallest overall number of complaints, annuities have the highest rate of confirmed complaints at 57 percent. The Division has modified several regulations on annuities to address common concerns of consumers who have purchased an annuity.

Annuity Complaint Reports

Each year the Division publishes complaint ratios and indices based on insurance companies’ market share, premium, total complaints and confirmed complaints. The full standard and interactive reports can be found on the Division’s website at <http://www.dora.state.co.us/insurance> and clicking on “Consumer Information” and then on “Complaint Index & Reports.”

The “Complaint Ratio” shows how many complaints a company generates per \$1 million of premium. The ratio provides helpful information to consumers interested in evaluating their insurance companies and/or health carriers, and to state regulators in identifying companies requiring closer review. For example, a complaint ratio of 4.40 means the company had approximately 4.40 complaints per \$1 million worth of business.

The column entitled “Complaint Index” provides a calculation of the number of a specific company’s complaints compared to the industry average. The index is calculated by dividing a company’s share of complaints by its share of premium. An index higher than 1.0 indicates that a company’s complaint counts are higher than average, and an index lower than 1.0 indicates that a company’s complaint counts are lower (better) than average. An index of 0.0 (zero) indicates that no complaints were received for the company, which is always better than average.

A company’s complaint index is generally considered to be more informative than the complaint ratio, because it adds at-a-glance information indicating how each insurer compares to the rest of the marketplace. Consumers are cautioned against relying **only** on the Complaint Ratio and/or the Complaint Index when evaluating companies. Premiums, benefits, financial condition, and level of service should all be considered.

In the chart below, the complaint ratios and indices for the top twenty largest (by premium volume) companies writing annuities in Colorado are listed. Please note that this information is calculated on a calendar year basis.

Complaint Ratios and Indices – 2010 Top Twenty Annuity Companies

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
1.	Jackson National Life Insurance Company	Jackson National Group	9.45%	\$513.32	1	1	0	0.48
2.	Pacific Life & Annuity Company	Pacific Life Ins. Co.	6.38%	\$346.43	0	0	0	0
3.	Pruco Life Insurance Company	Prudential of America	5.60%	\$304.29	0	0	0	0
4.	Lincoln National Life Insurance Company	Lincoln National	5.00%	\$271.44	0	0	0	0

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
5.	MetLife Investors USA Insurance Company (MetLife)	Metropolitan Group	4.33%	\$235.31	0	0	0	0
6.	John Hancock Life Insurance Company (U.S.A.)	John Hancock Group	3.62%	\$196.84	2	0	0.01	2.51
7.	Metropolitan Life Insurance Company (MetLife)	Metropolitan Group	3.57%	\$193.80	1	1	0.01	1.27
8.	Great-West Life & Annuity Insurance Company	Great West Life Assurance	3.54%	\$192.61	0	0	0	0
9.	Aviva Life and Annuity Company	Amerus Group	3.41%	\$185.20	0	0	0	0
10.	Allianz Life Insurance Company of North America	Allianz Ins Group	2.98%	\$161.74	1	0	0.01	1.53
11.	Transamerica Life Insurance Company	Aegon US Holding Group	2.98%	\$161.90	0	0	0	0
12.	Teachers Insurance and Annuity Association of America	TIAA Family of Companies	2.95%	\$160.49	0	0	0	0
13.	American Equity Investment Life Insurance Company	American Equity Investment Group	2.75%	\$149.35	0	0	0	0
14.	Nationwide Life Insurance Company	Nationwide Corp.	2.62%	\$142.20	0	0	0	0
15.	AXA Equitable Life Insurance Company	AXA Ins. Group	2.43%	\$132.03	1	0	0.01	1.87
16.	New York Life Insurance and Annuity Corporation	New York Life Group	2.18%	\$118.58	0	0	0	0
17.	Prudential Annuities Life Assurance Corporation	Prudential of America	2.09%	\$113.73	1	1	0.01	2.17
18.	Massachusetts Mutual Life Insurance Company	Mass. Mutual Life Ins. Co.	1.87%	\$101.84	0	0	0	0
19.	Variable Annuity Life Insurance Company (AIG)	American International Group	1.67%	\$90.68	0	0	0	0
20.	Prudential Insurance Company of America	Prudential of America	1.55%	\$84.21	1	0	0.01	2.93

Auto Insurance Complaints

Auto insurance complaints are the single highest volume of complaints received by the Division of Insurance. Of auto complaints, almost 93 percent involve private passenger auto coverage, four percent concern commercial auto, with the remaining three percent spread among motorcycle, motor homes/recreational vehicles, and rental policies. Almost all auto protests are private passenger auto.

Complaints often involve more than one issue and the major issues are categorized by the area of concern and the reason it was raised. The following table shows top reasons for combined auto complaints and protests for FY 10-11 and as compared to previous years.

Top Ten Combined Auto Complaint and Protest Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Premium and Rating (UW)	35%	32%	36%	33%	33%
2.	Surcharge (UW)	7%	30%	15%	21%	22%
3.	Credit Scoring (UW)	*	*	11%	8%	8%
4.	Denial of Claim (CH)	10%	7%	5%	5%	6%
5.	Delay (CH)	11%	9%	6%	6%	6%
6.	Unsatisfactory Settlement Offer (CH)	8%	7%	4%	4%	4%
7.	Non-renewal (UW)	3%	3%	3%	3%	3%
8.	Liability Dispute (CH)	*	*	*	2%	2%
9.	Liability Dispute – Property Damage (CH)	*	*	*	1%	2%
10.	Cancellation (UW)	*	*	*	*	2%
Percent of Total Reasons		74%	88%	80%	83%	88%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales. Please note the top ten reasons are listed for each year, and an asterisk for a reason in a prior year denotes that the reason was not included in the top ten reasons in that year.

Auto protests, or consumer challenges to auto insurance cancellation, nonrenewal, reduction of coverage or surcharges, are the most frequent types of consumer complaints. Because of the nature of the auto protest process, all the reasons for auto protest complaints are in the Underwriting area and show remarkable stability from year to year.

Top Five Auto Protest Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Premium & Rating (UW)	72%	87%	53%	48%	47%
2.	Surcharge (UW)	15%	*	22%	34%	34%
3.	Credit Scoring (UW)	*	*	18%	13%	12%
4.	Nonrenewal (UW)	7%	9%	5%	5%	5%
5.	Cancellation (UW)	6%	4%	3%	2%	1%
Percent of Total Reasons		100%	100%	101%	102%	99%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales. Totals to more than 100% due to rounding.

Outside of the auto protest process, consumer complaints about auto insurance focus in the Claims Handling category. Complaints often involve more than one issue, and consequently there are more complaint reasons than total complaints.

Top Five Auto Complaint Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Denial of Claim (CH)	17%	15%	14%	14%	17%
2.	Delay (CH)	19%	19%	16%	18%	17%
3.	Unsatisfactory Settlement Offer (CH)	13%	14%	12%	12%	11%
4.	Premium and Rating (UW)	7%	5%	6%	7%	7%
5.	Liability Dispute (CH)	4%	4%	6%	10%	5%
Percent of Total Reasons		60%	57%	54%	61%	57%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales.

When investigating complaints against insurance companies, the Division cannot make determinations in individual cases as to liability disputes and comparative negligence other than to ensure that the insurance company has performed a reasonable investigation and has followed its claims handling procedures. Determination of liability and the application of comparative negligence ultimately require a judicial determination when disputed.

Auto Complaint Reports

Each year the Division publishes complaint ratios and indices based on insurance companies' market share, premium, total complaints and confirmed complaints. The full standard and interactive reports can be found on the Division's website at <http://www.dora.state.co.us/insurance> and clicking on "Consumer Information" and then on "Complaint Index & Reports."

The "Complaint Ratio" shows how many complaints a company generates per \$1 million of premium. The ratio provides helpful information to consumers interested in evaluating their insurance companies and/or health carriers, and to state regulators in identifying companies requiring closer review. For example, a complaint ratio of 4.40 means the company had approximately 4.40 complaints per \$1 million worth of business.

For the auto reports, private passenger automobile protests are included in the number of complaints.

The column entitled "Complaint Index" provides a calculation of the number of a specific company's complaints compared to the industry average. The index is calculated by dividing a company's share of complaints by its share of premium. An index higher than 1.0 indicates that a company's complaint counts are higher than average, and an index lower than 1.0 indicates that a company's complaint counts are lower (better) than average. An index of 0.0 (zero) indicates that no complaints were received for the company, which is always better than average.

A company's complaint index is generally considered to be more informative than the complaint ratio, because it adds at-a-glance information indicating how each insurer compares to the rest of the marketplace. Consumers are cautioned against relying **only** on the Complaint Ratio and/or the Complaint Index when evaluating companies. Premiums, benefits, financial condition, and level of service should all be considered.

In the chart following, the complaint ratios and indices for the top twenty largest (by premium volume) auto carriers in Colorado are listed. Please note that this information is calculated on a calendar year basis.

**Complaint Ratios and Indices - 2010
Top Twenty Auto Carriers**

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
1.	State Farm Mutual Automobile Insurance Company	State Farm IL	19.10%	\$526.19	172	65	0.33	0.37
2.	Farmers Insurance Exchange (Farmers)	Zurich Ins. Group	9.59%	\$264.03	150	68	0.57	0.64
3.	American Family Mutual Insurance Company	American Family Ins. Group	7.62%	\$209.97	163	52	0.78	0.88
4.	Progressive Direct Insurance Company (Halcyon)	Progressive Group	5.07%	\$139.58	144	37	1.03	1.17
5.	United Services Automobile Association (USAA)	United Services Automobile Assn. Group	3.73%	\$102.64	83	34	0.81	0.91
6.	Progressive Preferred Insurance Company	Progressive Group	3.67%	\$101.10	99	23	0.98	1.11
7.	Allstate Fire and Casualty Insurance Company	Allstate Ins. Group	3.47%	\$95.61	268	27	2.8	3.17
8.	USAA Casualty Insurance Company (USAA)	United Services Automobile Assn. Group	3.12%	\$85.91	74	46	0.86	0.97
9.	Safeco Insurance Company of America	Safeco Ins. Group	2.23%	\$61.31	77	21	1.26	1.42
10.	Bristol West Insurance Company	Bristol West Ins. Group	2.22%	\$61.18	54	33	0.88	1
11.	Geico Casualty Company (GEICO)	Berkshire Hathaway	2.22%	\$61.04	17	6	0.28	0.31
12.	Allstate Insurance Company	Allstate Ins. Group	2.05%	\$56.42	39	21	0.69	0.78
13.	GEICO General Insurance Company (GEICO)	Berkshire Hathaway	2.02%	\$55.55	34	15	0.61	0.69
14.	Liberty Mutual Fire Insurance Company (Liberty Mutual)	Liberty Mutual Group	1.66%	\$45.66	31	11	0.68	0.77
15.	Travelers Home and Marine Insurance Company	St. Paul/Travelers Group	1.55%	\$42.68	83	22	1.94	2.2
16.	Allstate Property and Casualty Insurance Company	Allstate Ins. Group	1.53%	\$42.19	53	18	1.26	1.42
17.	Viking Insurance Company of Wisconsin	Sentry Ins. Group	1.32%	\$36.28	44	25	1.21	1.37
18.	GEICO Indemnity Company (GEICO)	Berkshire Hathaway	1.31%	\$36.05	38	15	1.05	1.19
19.	American Standard Insurance Company of Wisconsin	American Family Ins. Group	1.23%	\$33.83	29	19	0.86	0.97
20.	State Farm Fire and Casualty Company	State Farm IL	1.05%	\$28.83	30	11	1.04	1.18

Health Insurance

It is important to note that the Division regulates only about 40 percent of Coloradans' health coverage. As reported in the 2010 Annual Report on Health Care Costs³ published by the Division, approximately 55 percent of Coloradans get their health coverage through their (or a family member's) employer. Of this, 21 percent of the coverage is through employer self-funded health plans not regulated by Colorado but subject to federal law. Another six percent of Coloradans have coverage purchased in the individual insurance market.

Despite the Division's jurisdiction being limited to 40 percent of the health coverage marketplace, health insurance complaints within the Division's purview comprise about 18 to 22 percent of the complaints lodged with the Division. Of the broad category of health insurance complaints submitted to the Division in FY 10-11, 36 percent concern group insurance, and 64 percent involve health insurance in the individual marketplace. Eight complaints were about accidental death benefits, while 41 involved disability insurance benefits. Dental insurance coverage logged 19 complaints, and long-term care insurance had 69 complaints.

For health insurance, the top complaint reasons this year and over the past few years have been:

Top Ten Health Complaint Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Denial of Claim (CH)	21%	21%	26%	24%	25%
2.	Premium & Rating (UW)	5%	7%	6%	10%	15%
3.	Premium Notice & Billing (PS)	3%	2%	7%	10%	12%
4.	Claim Delay (CH)	18%	17%	13%	10%	9%
5.	Coverage Question (PS)	5%	5%	5%	5%	4%
6.	Misrepresentation (MS)	*	*	*	*	3%
7.	Unsatisfactory Settlement Offer (CH)	7%	5%	3%	3%	2%
	Premium Refund (PS)	4%	3%	2%	5%	2%
8.	Other (CH)	*	5%	3%	2%	2%
	Refusal to Insure (UW)	*	*	*	2%	2%
9.	Co-Pay Issues (CH)	*	*	*	*	2%
10.	Agent Handling (PS)	*	*	*	*	2%
	Percent of Total Reasons	63%	65%	65%	71%	80%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales. Please note the top ten reasons are listed for each year, and an asterisk for a reason in a prior year denotes that the reason was not included in the top ten reasons in that year.

There is wide variety in types of health insurance products, i.e. Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), High Deductible Health Plans (HDHPs), etc., in the Colorado health insurance marketplace. With this variety, there is also a wide array of health conditions, services and providers covered by the various policy types outside what is mandated to be covered under state law. Section 10-16-104, Colo. Rev. Stat. contains the majority of benefits where coverage is required by Colorado health insurance plans.

³ This report can be found at <http://www.dora.state.co.us/insurance/rtfo/health%20costs/HealthCostReport.htm>.

With a substantial proportion of Coloradans getting their health coverage through a plan not regulated by Colorado – usually an employer self-funded plan – the Division refers many consumers to their employer’s Human Resources office and the U.S. Department of Labor. Federal ERISA⁴ law governs most employer self-funded plans, and the Colorado Division of Insurance does not have jurisdiction to address complaints under these types of plans. Consequently, not reflected in the statistics above is where the Division has referred a consumer with a complaint about an ERISA self-funded plan.

We note that in FY 10-11, three reasons rose to the top ten list for the first time in recent years. We note that two issues most often involving insurance producers (agents and brokers) are included in this year’s top ten reasons – Misrepresentation and Agent Handling. As consumers and businesses search to obtain the greatest value for their premium dollars, consumer education about the particulars of the insurance policy selected becomes a greater responsibility for producers.

Health Complaint Reports

Each year the Division publishes complaint ratios and indices based on health insurance carriers’ market share, premium, total complaints and confirmed complaints. The full standard and interactive reports can be found on the Division’s website at <http://www.dora.state.co.us/insurance> and clicking on “Consumer Information” and then on “Complaint Index & Reports.”

The “Complaint Ratio” shows how many complaints a company generates per \$1 million of premium. The ratio provides helpful information to consumers interested in evaluating their insurance carriers, and to State regulators in targeting companies requiring closer review. For example, a complaint ratio of 4.40 means the company had approximately 4.40 complaints per \$1 million worth of business.

The column entitled “Complaint Index” provides a calculation of the number of a specific carrier’s complaints compared to the industry average. The index is calculated by dividing a company’s share of complaints by its share of premium. An index higher than 1.0 indicates that a company’s complaint counts are higher than average, and an index lower than 1.0 indicates that a company’s complaint counts are lower (better) than average. An index of 0.0 (zero) indicates that no complaints were received for the company, which is always better than average.

A company’s complaint index is generally considered to be more informative than the complaint ratio, because it adds at-a-glance information indicating how each insurer compares to the rest of the marketplace. Consumers are cautioned against relying **only** on the Complaint Ratio and/or the Complaint Index when evaluating companies. Premiums, benefits, financial condition, and level of service should all be considered.

In the chart following, the complaint ratios and indices for the top twenty largest (by premium volume) health carriers in Colorado are listed. Please note that this information is calculated on a calendar year basis.

⁴ An ERISA health plan that is self-funded is one where the employer provides the funds for health care benefits and determines benefit levels. ERISA stands for the federal Employee Retirement Income Security Act which covers a wide range of employee benefits, including health coverage.

Complaint Ratios and Indices - 2010
Top Twenty Health Carriers -- Includes HMO, Accident, Dental

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
1.	Kaiser Foundation Health Plan of Colorado	Kaiser Foundation	19.93%	\$1484.65	83	50	0.06	0.46
2.	UnitedHealthcare Insurance Company (United Healthcare)	UnitedHealth Group	14.54%	\$1083.17	92	54	0.08	0.71
3.	Rocky Mountain Hospital and Medical Service, Inc. (Anthem Blue Cross and Blue Shield)	Wellpoint Inc. Group	11.16%	\$831.54	256	98	0.31	2.56
4.	Humana Insurance Company	Humana Inc.	4.03%	\$299.98	47	27	0.16	1.3
5.	Aetna Life Insurance Company	Aetna	3.43%	\$255.40	53	27	0.21	1.73
6.	Connecticut General Life Insurance Company	Cigna Health Group	3.35%	\$249.83	7	3	0.03	0.23
7.	HMO Colorado, Inc. (HMO Blue)	Wellpoint Inc. Group	2.45%	\$182.29	6	1	0.03	0.27
8.	Rocky Mountain Healthcare Options, Inc. (Rocky Mountain HCO; Rocky Mountain Health Plans)	Rocky Mountain Health Plans	1.75%	\$130.36	13	7	0.1	0.83
9.	Rocky Mountain Health Maintenance Organization, Incorporated (Rocky Mountain HMO; Rocky Mountain Health Plans)	Rocky Mountain Health Plans	1.73%	\$128.93	7	3	0.05	0.45
10.	Colorado Dental Service, Inc. (Delta Dental Plan of Colorado, Inc.)		1.62%	\$120.98	5	2	0.04	0.34
11.	Aetna Health, Inc	Aetna	1.39%	\$103.64	0	0	0	0
12.	Metropolitan Life Insurance Company (MetLife)	Metropolitan Group	1.28%	\$95.12	2	2	0.02	0.17
13.	Time Insurance Company (Assurant Health)	Assurant Inc Group	1.07%	\$79.49	40	26	0.5	4.18
14.	Golden Rule Insurance Company (United Healthcare)	UnitedHealth Group	0.82%	\$61.13	22	12	0.36	2.99
15.	Colorado Access		0.75%	\$55.76	0	0	0	0
16.	American Family Life Assurance Company of Columbus (AFLAC)	American Family Corp.	0.73%	\$54.43	5	3	0.09	0.76
17.	Denver Health Medical Plan, Inc.		0.71%	\$52.88	2	1	0.04	0.31
18.	Hartford Life and Accident Insurance Company	Hartford Fire & Casualty Group	0.65%	\$48.73	4	2	0.08	0.68

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
19.	Great-West Life & Annuity Insurance Company	Great West Life Assurance	0.60%	\$44.66	1	0	0.02	0.19
20.	Standard Insurance Company	Stancorp Financial Group	0.60%	\$44.91	4	1	0.09	0.74

Homeowners Insurance

Ninety-three percent of complaints filed with the Division on homeowners insurance involve regular homeowners coverage, four percent for rental, and one percent for condo/townhouse coverage. In September 2010, a wildfire outside of Boulder, Colorado reportedly destroyed 169 residences, making it the worst wildfire in Colorado history. The Division handled 15 complaints from victims of the Four Mile Canyon fire and published a variety of resources and information for consumers to use when faced with a natural disaster. This information is available on the Division’s website at: <http://www.dora.state.co.us/insurance/consumer/PSA.htm>.

For FY 10-11, homeowners complaint reasons to the Division were:

Top Ten Homeowners Complaint Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Denial of claim (CH)	26%	24%	18%	25%	26%
2.	Unsatisfactory Settlement Offer (CH)	13%	11%	15%	16%	19%
3.	Claim Delay (CH)	13%	15%	11%	9%	10%
4.	Adjuster Handling ((CH)	*	*	14%	6%	8%
5.	Premium & Rating (UW)	8%	6%	5%	5%	7%
6.	Nonrenewal (UW)	3%	3%	3%	7%	5%
7.	Cancellation (UW)	6%	5%	4%	4%	2%
8.	Agent Handling (MS)	*	*	*	*	2%
9.	Adjuster Not Responding (CH)	*	*	3%	2%	2%
10.	Value Dispute (CH)	*	*	2%	2%	2%
	Percent of Total Reasons	69%	64%	75%	76%	83%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales.

Please note the top ten reasons are listed for each year, and an asterisk for a reason in a prior year denotes that the reason was not included in the top ten reasons in that year.

Denial of claim continues as the top reason for homeowners insurance complaints. This is followed by concerns about how insurance companies reach the dollar value of a loss as encompassed by the Unsatisfactory Settlement Offer and Value Dispute reasons (21% combined). Adjusters’ claim handling is an issue in approximately 1 in 10 complaints, while Premium and Rating, Nonrenewal and Cancellation of homeowners policies are persistent consumer concerns.

Homeowners Complaint Reports

Complaint ratios and indices based on homeowners insurers’ market share, premium, total complaints and confirmed complaints are listed below. As for other lines of insurance, the full standard and interactive reports can be found on the Division’s website at <http://www.dora.state.co.us/insurance> and clicking on “Consumer Information” and then on “Complaint Index & Reports.”

The “Complaint Ratio” shows how many complaints a company generates per \$1 million of premium. The ratio provides helpful information to consumers interested in evaluating their insurance carriers, and to State regulators in targeting companies requiring closer review. For

example, a complaint ratio of 4.40 means the company had approximately 4.40 complaints per \$1 million worth of business.

The column entitled “Complaint Index” provides a calculation of the number of a specific carrier’s complaints compared to the industry average. The index is calculated by dividing a company’s share of complaints by its share of premium. An index higher than 1.0 indicates that a company’s complaint counts are higher than average, and an index lower than 1.0 indicates that a company’s complaint counts are lower (better) than average. An index of 0.0 (zero) indicates that no complaints were received for the company, which is always better than average.

Complaint indices provide a calculation of the number of a specific carrier’s complaints compared to the industry average. Calculated by dividing a company’s share of complaints by its share of premium, an index higher than 1.0 indicates that a company’s complaint counts are higher than average, and an index lower than 1.0 indicates that a company’s complaint counts are lower (better) than average.

Consumers should not rely **only** on the Complaint Ratio and/or the Complaint Index when evaluating companies. Other things to be considered include: premiums, benefits, carriers’ financial condition, and level of service.

Complaint Ratio and Indices – 2010 Top Twenty Homeowners Insurers

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
1.	State Farm Fire and Casualty Company	State Farm IL	23.26%	\$330.96	117	40	0.35	0.64
2.	American Family Mutual Insurance Company	American Family Ins. Group	10.82%	\$153.95	110	35	0.71	1.3
3.	Fire Insurance Exchange (Farmers)	Zurich Ins. Group	6.78%	\$96.53	89	24	0.92	1.68
4.	Farmers Insurance Exchange (Farmers)	Zurich Ins. Group	5.64%	\$80.20	60	15	0.75	1.36
5.	United Services Automobile Association (USAA)	United Services Automobile Association Group	4.06%	\$57.78	13	4	0.23	0.41
6.	USAA Casualty Insurance Company (USAA)	United Services Automobile Association Group	3.00%	\$42.68	6	2	0.14	0.26
7.	Allstate Fire and Casualty Insurance Company	Allstate Ins. Group	2.81%	\$39.97	24	11	0.6	1.09
8.	Travelers Home and Marine Insurance Company	St. Paul / Travelers Group	2.47%	\$35.15	31	16	0.88	1.6
9.	Allstate Insurance Company	Allstate Ins. Group	2.43%	\$34.56	29	11	0.84	1.53

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
10.	Great Northern Insurance Company	Chubb & Son Inc.	2.10%	\$29.89	1	1	0.03	0.06
11.	Safeco Insurance Company of America	Safeco Ins. Group	2.04%	\$29.00	16	6	0.55	1
12.	Standard Fire Insurance Company	St. Paul / Travelers Group	1.90%	\$27.11	10	7	0.37	0.67
13.	Allstate Property and Casualty Insurance Company	Allstate Ins. Group	1.82%	\$25.91	10	6	0.39	0.7
14.	Property and Casualty Insurance Company of Hartford	Hartford Fire & Casualty Group	1.52%	\$21.56	22	6	1.02	1.86
15.	Colorado Farm Bureau Mutual Insurance Co.		1.50%	\$21.37	6	1	0.28	0.51
16.	Liberty Mutual Fire Insurance Company (Liberty Mutual)	Liberty Mutual Group	1.42%	\$20.19	7	1	0.35	0.63
17.	Country Mutual Insurance Company	Country Ins. & Financial Services Group	1.16%	\$16.48	8	3	0.49	0.88
18.	Allstate Indemnity Company	Allstate Ins. Group	1.12%	\$15.91	17	3	1.07	1.94
19.	American National Property and Casualty Company	American National Financial Group	1.07%	\$15.27	11	3	0.72	1.31
20.	Sentinel Insurance Company, Ltd.	Hartford Fire & Casualty Group	0.97%	\$13.74	8	4	0.58	1.06

Liability Insurance

Under the liability type of insurance coverage, 86 percent of the complaints involve general liability, while eight percent were specific to professional errors and omissions coverage including medical, legal, accounting and other professional malpractice coverages.

Top Liability Complaint Reasons

		FY 08-09	FY 09-10	FY 10-11
1.	Denial of Claim (CH)	21%	22%	26%
2.	Delay (CH)	15%	15%	9%
	Agent Handling (MS)	2%	4%	9%
3.	Premium & Rating (UW)	10%	12%	8%
4.	Unsatisfactory Settlement Offer (CH)	7%	6%	6%
5.	Premium Notice & Billing (PS)	4%	2%	5%
6.	Adjuster Not Responding (CH)	2%	5%	4%
7.	Liability Dispute (CH)	5%	3%	3%
	Premium Refund (PS)	*	*	3%
	Audit Dispute (UW)	*	2%	3%
	Cancellation (UW)	2%	4%	3%
	Percent of Total Reasons	68%	75%	79%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales. Please note the top ten reasons are listed for each year, and an asterisk for a reason in a prior year denotes that the reason was not included in the top ten reasons in that year.

Denial and delay of claims comprised more than a third of the complaints for liability insurance. As for other types of insurance, the Division cannot make determinations in individual cases as to whether an insured is liable for another party's damages. The Division reviews the insurance company's claim handling to ensure it has performed a reasonable investigation and has followed its claims handling procedures. Determination of liability and application of negligence ultimately require a judicial determination when disputed. Much of the value of liability insurance coverage is for providing coverage for defense attorney and trial expenses, and in covering a civil judgment entered against an insured.

Complaint ratios and indices are not prepared for liability insurance because the total number of complaints for this line of insurance is so small (2% of total complaints) that these are not particularly useful tools for consumers in choosing liability insurance coverage.

Life Insurance

The primary purpose of life insurance is to provide for dependents should the family provider die. However, there are differences in types of insurance that allow different benefits and risks.

The three main categories of life insurance are term life, whole life, and universal life, although there are options within each category.

Term life insurance is the simplest and least expensive type of policy, with no cash value. A term life policy has only one function: to pay a specific lump sum to the beneficiary that has been designated, upon a specific event: the death of the insured person. The death benefit and the policy limit are the same; for example, a \$200,000 policy pays a \$200,000 death benefit. The policy protects the insured's family by providing money to replace their salary, income or other contributions, as well as covering final expenses incurred at death. If the insured person is still alive at the end of the term, money is not refunded. A term insurance policy expires unless the policy can be renewed for another term.

Whole life insurance is designed to provide protection for dependents while building cash value. The policy pays a death benefit if the insured person dies. However, there is also a savings component (called cash value), which builds over time. In addition to paying a death benefit, a whole life policy allows accumulation of cash value that the policy owner receives if the policy is surrendered. The premium is fixed and won't increase during the lifetime of the insured person as long as premiums are paid as agreed, for the entire time the policy is in force. The policy pays upon the death of the insured or when the insured person reaches a specific age stated in the policy. Whole life policies cost more than term insurance, but have the benefit of a policy that builds cash value.

Universal life insurance gives the policyholder more control over premiums, provides permanent protection for dependents and is more flexible than a whole life policy. It pays a death benefit to the named beneficiary, and allows the ability to accumulate cash value. Generally, a universal life policy provides flexibility by allowing the policy owner to change the death benefit at certain times, or to vary the amount or timing of premium payments.

While life insurance complaints represent only about five percent of complaints filed with the Division of Insurance, they are the area in which the company is most often found to have violated state law or regulation, or a provision in the insurance policy. With a confirmed complaint rate approaching two out of every three complaints, or about 63 percent, and larger dollar recoveries for consumers at more than \$30,000 per confirmed complaint, life insurance practices are a significant concern for the Division.

Reasons for life insurance complaints, in order of frequency, for FY 10-11 and previous years were:

Top Ten Life Insurance Complaint Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Misrepresentation (MS)	6%	11%	7%	12%	24%
2.	Agent Handling (MS)	*	*	4%	6%	13%
3.	Premium Notice & Billing (PS)	*	*	8%	9%	8%
4.	Information Requested (PS)	14%	11%	10%	14%	5%
5.	Premium Refund (PS)	9%	8%	4%	5%	5%
6.	Misleading Advertising (MS)	*	*	*	3%	4%
7.	Suitability (MS)	3%	4%	5%	5%	4%
8.	Delays/No Response (PS)	*	5%	7%	6%	3%
	Surrender Problems (PS)	*	*	3%	3%	3%
9.	Cash Value (PS)	7%	6%	4%	3%	3%
	Other (PS)	*	*	6%	2%	3%
10.	Refusal to Insure (UW)	*	*	*	2%	2%
	Percent of Total Reasons	36%	45%	58%	70%	77%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales. Please note the top ten reasons are listed for each year, and an asterisk for a reason in a prior year denotes that the reason was not included in the top ten reasons in that year.

Life Insurance Complaint Reports

Complaint ratios and indices based on life insurance carriers' market share, premium, total complaints and confirmed complaints are listed below. As for other lines of insurance, the full standard and interactive reports can be found on the Division's website at <http://www.dora.state.co.us/insurance> and clicking on "Consumer Information" and then on "Complaint Index & Reports."

The "Complaint Ratio" shows how many complaints a company generates per \$1 million of premium. The ratio provides helpful information to consumers interested in evaluating their insurance carriers, and to State regulators in targeting companies requiring closer review. For example, a complaint ratio of 4.40 means the company had approximately 4.40 complaints per \$1 million worth of premium.

The column entitled "Complaint Index" provides a calculation of the number of a specific company's complaints compared to the industry average. The index is calculated by dividing a company's share of complaints by its share of premium. An index higher than 1.0 indicates that a company's complaint counts are higher than average, and an index lower than 1.0 indicates that a company's complaint counts are lower (better) than average. An index of 0.0 (zero) indicates that no complaints were received for the company, which is always better than average.

Consumers should not rely **only** on the Complaint Ratio and/or the Complaint Index when evaluating companies. Other things to be considered include: premiums, benefits, carriers' financial condition, and level of service.

**Complaint Ratios and Indices – 2010
Top Twenty Life Insurance Companies**

	Company Name	Industry Group	Market Share	Premium (Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
1.	Northwestern Mutual Life Insurance Company	Northwestern Mutual	8.46%	\$175.52	0	0	0	0
2.	New York Life Insurance Company	New York Life Group	4.42%	\$91.70	6	3	0.07	0.55
3.	Metropolitan Life Insurance Company (MetLife)	Metropolitan Group	4.07%	\$84.41	3	2	0.04	0.3
4.	Lincoln National Life Insurance Company	Lincoln National	4.03%	\$83.50	5	2	0.06	0.5
5.	State Farm Life Insurance Company	State Farm IL	3.62%	\$75.11	5	3	0.07	0.56
6.	John Hancock Life Insurance Company (U.S.A.)	John Hancock Group	3.46%	\$71.70	0	0	0	0
7.	Prudential Insurance Company of America	Prudential of America	3.18%	\$66.01	8	5	0.12	1.02
8.	Minnesota Life Insurance Company	Minnesota Mutual	2.18%	\$45.20	1	1	0.02	0.19
9.	Transamerica Life Insurance Company	Aegon US Holding Group	2.02%	\$41.93	5	2	0.12	1.01
10.	Pacific Life Insurance Company	Pacific Life Ins. Co.	1.88%	\$38.95	1	1	0.03	0.22
11.	American General Life Insurance Company (AIG)	American International Group	1.86%	\$38.56	5	1	0.13	1.09
12.	Massachusetts Mutual Life Insurance Company	Mass. Mutual Life Ins. Co.	1.75%	\$36.37	1	1	0.03	0.23
13.	Guardian Life Insurance Company of America	Guardian Life Group	1.74%	\$36.17	1	1	0.03	0.23
14.	Hartford Life and Annuity Insurance Company	Hartford Fire & Casualty Group	1.62%	\$33.53	1	0	0.03	0.25
15.	Farmers New World Life Insurance Company (Farmers)	Zurich Ins. Group	1.61%	\$33.35	8	3	0.24	2.02
16.	Thrivent Financial for Lutherans	Thrivent Financial For Lutherans	1.59%	\$32.90	0	0	0	0
17.	ReliaStar Life Insurance Company	ING America Ins. Holding Group	1.57%	\$32.67	3	2	0.09	0.77
18.	Protective Life Insurance Company	Protective Life Ins. Group	1.51%	\$31.24	2	1	0.06	0.54
19.	Pruco Life Insurance Company	Prudential Of America	1.50%	\$31.05	1	0	0.03	0.27
20.	AXA Equitable Life Insurance Company	AXA Ins. Group	1.44%	\$29.87	1	1	0.03	0.28

Title Insurance

When a house, building or other real property is bought or sold, all the parties involved want to be sure the “title” or transfer of ownership is clear. Title insurance protects the owner and the lender against loss arising from problems connected to the title to the property.

Consumer complaints on title insurance comprise about one percent of the total complaints lodged with the Division. In FY 10-11, for consumer title complaints, the major issues were:

Top Title Insurance Complaint Reasons

		FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
1.	Denial of Claim (CH)	7%	4%	13%	15%	26%
2.	Pre-ownership Underwriting (UW)	*	*	6%	12%	12%
3.	Delay of Claim (CH)	3%	7%	4%	21%	10%
	Agent Handling (MS)	*	*	*	*	10%
	Other (MS)	13%	26%	33%	12%	10%
4.	Adjuster Handling (CH)	*	*	*	*	6%
	Adjuster Not Responding (CH)	*	*	*	*	6%
5.	Fiduciary (MS)	*	*	3%	13%	4%
	Misrepresentation (MS)	*	*	*	*	4%
	Premium & Rating (MS)	*	*	*	*	4%
6.	Timeliness (MS)	*	*	*	*	2%
	Company/Agent Dispute (PS)	*	*	*	*	2%
	Delay/No Response (PS)	4%	10%	13%	7%	2%
	Payment Not Credited (PS)	*	*	*	*	2%
	Policy Delivery (PS)	*	*	*	*	2%
	Percent of Total Reasons	27 %	38%	72%	80%	100%

Note: Color signifies the functional area the reason falls under: Underwriting, Claims Handling, Policyholder Services, Marketing and Sales. Please note the top ten reasons are listed for each year, and an asterisk for a reason in a prior year denotes that the reason was not included in the top ten reasons in that year.

As can be seen from the chart above, the reasons for title complaints are volatile from year to year. Title insurance is a unique line of business, and because of this, the issues raised in title insurance complaints are not as easily categorized into the coding scheme as are other lines of insurance. Nine of the top ten reason categories listed in FY 10-11 do not appear in prior years. Compared to five years ago, eleven of the current reasons were not included in the top reasons in FY 06-07. Examples of the “Other” complaints for Marketing and Sales (one of the reasons in number three above) include disputes of earnest money and rate disclosures.

Because title insurance represents only one percent of complaints filed with the Division, complaint ratios and indices are not prepared for this line of insurance.

2010 Complaint Ratio and Complaint Index Reports

This year, we have included the 2010 Complaint Ratio and Complaint Index reports for the major lines of insurance: annuity, auto, health, homeowners, and life insurance. The complete online and interactive 2010 Complaint Ratio and Complaint Index Reports are available on the Division's website at www.dora.state.co.us/insurance through the Site Index, or directly at http://www.dora.state.co.us/pls/real/Ins_Comp_Ratio_Report.Home.

Consumers can use the Complaint Ratio and Complaint Index reports when looking to compare insurance companies and carriers. The 2010 Complaint Ratio and Index Reports provide consumers with information about the number of complaints and questions lodged against the various insurance companies and health carriers. These reports are provided on a calendar year basis.

Standard reports are available for the major consumer lines noted above and list all carriers with at least five complaints or a market share of at least 0.10 percent.

The interactive reports provide information on the same lines of insurance, but include carriers with fewer than five complaints and less than 0.10 percent market share. These interactive reports permit searches by line of business or company name. The results can be sorted on the web by premium written, market share, total complaints, confirmed complaints, complaint ratio, and complaint index, and the results may be downloaded into a spreadsheet.

Additional Consumer Materials

Also available on the Division's website are a wide variety of information and materials for consumers to use in identifying insurance coverage needs, selecting types of insurance coverage, comparing insurance companies and carriers, some comparative information about insurance premiums, and Tips, Tools, and Frequently Asked Questions (FAQs) on current insurance issues. Please see the Division's website at www.dora.state.co.us/insurance and click on the "Consumer" button for access to this information.

A complaint about an insurance company, health carrier or producer may be filed by completing the online complaint form at http://www.dora.state.co.us/pls/real/Ins_Complaint.Submit_Form. You can find whether an insurance company or producer (agent or broker) is licensed to conduct business in Colorado through <http://cdilookup.asisvcs.com/>.

About the Colorado Division of Insurance

The Colorado Division of Insurance is located in the Colorado Department of Regulatory Agencies (DORA) and is charged with regulation of the state's insurance industry, as well as assisting consumers and other stakeholders with insurance issues.

Division of Insurance staff respond to telephone calls, e-mails, letters, on-line complaint submissions, and walk-in visits from consumers, providing information and education, and investigating consumer complaints.

The Division performs both market conduct and financial examinations on insurance companies licensed to conduct business in the state. The examinations determine compliance with Colorado insurance laws by identifying violations and ensuring company solvency.

The Division also licenses individual insurance producers (agents and brokers) and insurance agencies. In licensing these professionals, the Division requires pre-licensure education and continuing education and compliance with business competency requirements.

Available from the Division are tips, statistics, comparison guides and other informational/educational materials to help consumers compare companies and options, and make informed decisions about insurance purchases.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado.

Consumer protection is our mission