



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

Annual Report
on
Complaints Against Insurers

Fiscal Year 2013-2014

October 1, 2014





COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

Marguerite Salazar
Commissioner of Insurance

October 1, 2014

Dear Friends,

The Division of Insurance is pleased to submit this Annual Report of the Commissioner of Insurance on Complaints Against Insurers for Fiscal Year 2013-2014. Submitted pursuant to § 10-16-128, C.R.S., this report provides data and analysis of the previous fiscal year and four prior years of trends in consumer complaints received by the Division. The report includes the types most commonly sold to consumers: auto, health, life, homeowners, liability, annuity, and title insurance.

The report also references the 2013 Complaint Ratio and Complaint Index Reports that provide consumers with information about the number of complaints lodged against specific insurers and health carriers. The report includes the 2013 complaint ratios and index calculations for the top 20 carriers in each line of business. However, consumers and researchers should note that the complaint ratio and indices 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 can be searched by specific company name and line of business on the Division's website at www.dora.colorado.gov/insurance.

The mission of the Department of Regulatory Agencies and Division of Insurance is consumer protection. This report summarizes one area of how we approach this mission. This report on the types of questions and complaints we receive, and the trends demonstrated in the analysis of them, is an important component of our consumer protection work.

If you have any questions, please contact me at the Division.

Regards,

Marguerite Salazar
Commissioner of Insurance



Complaints Against Insurers for the Fiscal Year 2013-2014

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Executive Summary

Colorado law at § 10-16-128, C.R.S., requires an annual report on the number, nature, and outcome of complaints against insurers during the preceding 12 months to be presented to the General Assembly. The Division of Insurance (Division) issues this report in the fall of each year using data from the prior state fiscal year that runs July 1 to June 30, with several years of historical data to permit analysis of trends. Beyond fulfilling the statutory requirement, this report's information is useful to consumers as they shop for coverage and to the Division as we ensure compliance with state laws and regulations.

This report focuses on the Life and Health (L&H) and Property and Casualty (P&C) sections of Consumer Affairs, responsible to be the primary contacts for Colorado consumers who have insurance related inquiries or complaints.

During Fiscal Year 2013-2014 (FY 13-14), the L&H section employed six complaint analysts, one program assistant, one grant-funded employee and a director. The P&C section had six complaint analysts, one program assistant and a director. A lead analyst and a program assistant support both sections.

Together, the L&H and P&C sections had 17,200 consumer contacts in FY 13-14. They fielded 12,537 incoming consumer telephone calls, 3,414 emails, 692 pieces of written correspondence and 261 face-to-face meetings with consumers at the Division's office. The Division opened 2,859 formal complaints in FY 13-14, which is 14% fewer than the number opened in FY 12-13. A total of 2,770 complaints were closed in FY 13-14, a reduction of 21% from the last fiscal year.

The Division improved its performance when compared to FY 12-13, closing 90% of complaints within 90 days and 96% within 120 days.

The Division takes consumer feedback seriously. In FY 13-14, 36 percent of consumers receiving the postcard returned it. Of those returned, 67 percent rated the Division's work as "excellent" in at least one of the three categories being rated, and 31 percent as "satisfactory". For 12 percent of the returned cards, the consumer did not utilize the excellent-satisfactory-unsatisfactory scale. To ensure that all consumers are being provided quality customer service, section directors meet with the assigned analyst to review all feedback cards reporting consumer dissatisfaction.

If the Division's investigation reveals that the insurance company has violated state law or regulation or breached a provision of the insurance policy, the complaint is considered "confirmed". Overall, the Division found consumers' complaints confirmed 44 percent of the time. The P&C section's confirmed rate was 40 percent while the rate for L&H was 52 percent.

Consumer Affairs' investigations of individual consumer complaints against insurers may result in financial recovery for the consumer. Recoveries come in the form of additional claim payments, overturned denials of benefits or other refunds due to the consumer. In FY 13-14, the Division recovered over \$9 million dollars for Colorado consumers. Recoveries obtained for consumers by the Division's Consumer Affairs staff based on complaints has averaged \$11,062,595 annually over the last five years.

A detailed discussion on the complaint process, overall complaint trends and complaint trends by type of insurance is found in this report.

Introduction

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

Governing Statutes and Operational Goals

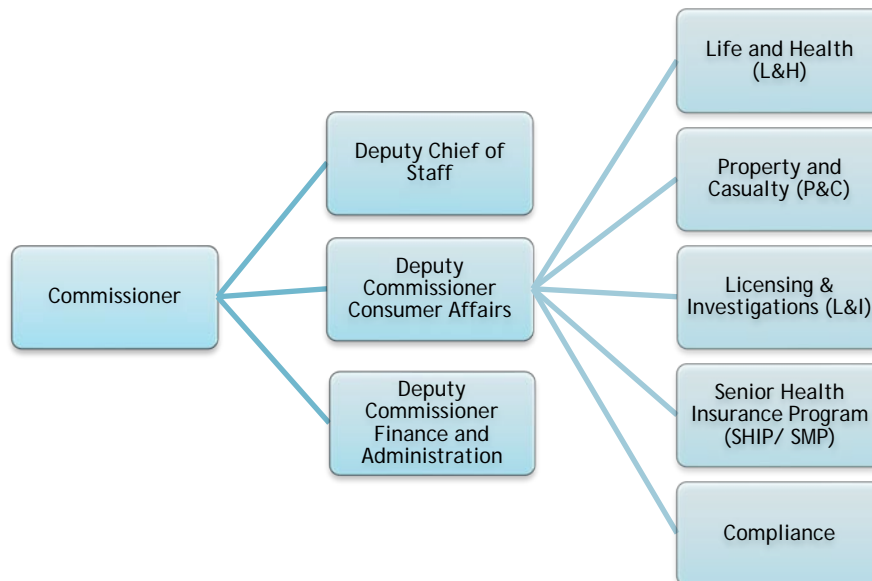
The Colorado Insurance Code at § 10-1-101, C.R.S., provides the guiding principles of the Division:

- 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 rules and laws of Colorado.

Under the Commissioner of Insurance, appointed by the Governor and confirmed by the Colorado Senate, three Deputy Commissioners oversee the day-to-day operations of the Division. The Deputy Commissioner for Consumer Affairs manages five sections of the Division:



This report focuses on the Life and Health (L&H) and Property and Casualty (P&C) sections of Consumer Affairs, responsible to be the primary contacts for Colorado consumers who have insurance related inquiries or complaints.

Structure of the Consumer Affairs' Sections of the Division

Consumer Affairs has two sections that are responsible for responding to consumer inquiries about insurance issues and investigating consumer complaints against insurers. One section is responsible for insurance issues related to life and health insurance (L&H), the other is responsible for property and casualty (P&C) issues.

L&H and P&C staff are knowledgeable about state and federal laws governing insurance, the regulations and interpretive bulletins issued by the Commissioner and the appropriate business practices of insurance carriers and producers.

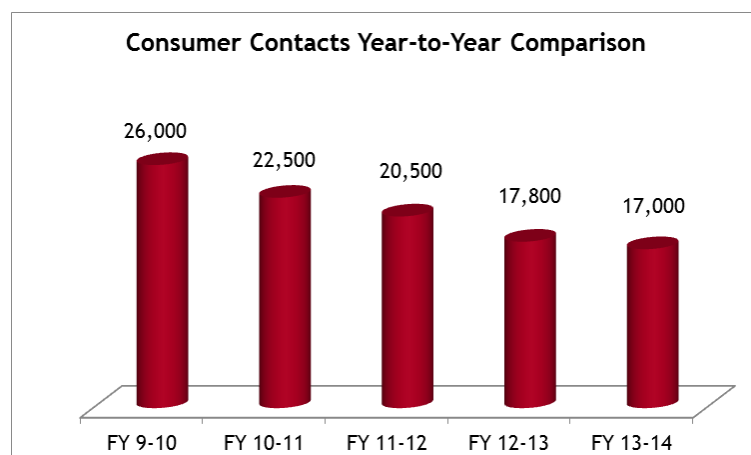
L&H and P&C staff have primary responsibility for answering consumer inquiries and investigating consumer allegations of insurer wrongdoing. Operationally, this entails:

- Staffing consumer call-in lines, open daily from 8 a.m. through 5 p.m. Monday through Friday;
- Educating consumers on their insurance rights and responsibilities through phone calls, written correspondence or electronic mail interactions;
- Determining whether complaints filed are within the Division's jurisdiction and, if not, assisting the consumer with getting the complaint to the appropriate entity;
- Investigating consumer complaints against insurers and determining the merits of the allegations;
- Protecting consumers by ensuring that insurance policy provisions and state laws and regulations are followed;
- Maintaining accurate complaint data; and
- Referring concerns of potential systemic insurer issues to the Division's Market Regulation section.

During FY 13-14, the L&H section employed six complaint analysts, one program assistant, one grant-funded employee and a director. The P&C section had six complaint analysts, one program assistant and a director. A lead analyst and a program assistant support both sections.

Consumer contacts continue to decline. However, the rate of decline is minimal between FY 12-13 and FY 13-14.

Together, the L&H and P&C sections had 17,200 consumer contacts in FY 13-14. They fielded 12,537 incoming consumer telephone calls, 3,414 emails, 692 pieces of written correspondence and 261 face-to-face meetings with consumers at the Division's office. These contacts include questions such as 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. The P&C section employs a Spanish speaking analyst who assisted in translating for the Spanish speaking consumers who contacted either the P&C or L&H sections of the Division.

L&H and P&C analysts also report observed trends and concerns to the Division's Market Regulation section. Consumer Affairs made 82 referrals to this section for further investigation in FY 13-14.

Consumer Affairs' analysts are also present in the community. Division staff participated in community events related to the 2013 flood. While the Division does not have regulatory authority over the National Flood Insurance Program (NFIP), Division staff established professional relationships with NFIP personnel to effectively refer consumers to flood insurance assistance. As those consultations occurred, Division staff recognized issues with consumers' homeowners insurance and promulgated 3 CCR 702-5, Regulation 5-1-19. This regulation prohibits homeowner insurers from taking adverse actions against consumers due to policy conditions that could not be met because of the flooding and its aftermath. For example, many Colorado residents could not access their homes due to flooded and/or destroyed roadways. Under a typical homeowner policy, if a home is "vacant" the policy can be cancelled. This regulation protected consumers by specifically prohibiting insurers from cancelling homeowner policies of consumers who could not access their homes due to the flood.

The Division's widespread community presence immediately after the flood could not have been accomplished without the voluntary participation of staff from all sections of the Division. In all, Division staff members were present in eight locations over a two-week period, contributing 331 hours of community support. The Division continued to send representatives to recovery events throughout FY 13-14.

L&H analysts were also present in the community, participating in community health fairs and other community events.

Consumer Affairs leadership also participate in special and ongoing groups to address insurance related issues. The P&C director was a member of the Governor's Task Force on Wildfire Insurance and Forest Health. The L&H director serves on the CO Interagency Coordinating Council (CICC), a governor appointed body that meets to advise and assist with the implementation of Part C of the Individuals with Disabilities Education Act.

Overview of the Complaint Process

A complaint is defined as any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under Colorado Insurance Law.

As complaints against insurers are required to be submitted in writing, the Division offers a variety of options for the consumer. While the majority of consumers now use the on-line complaint form, available on the Division's website at www.dora.colorado.gov/insurancecomplaints, consumers continue to fax complaints, submit them by letter via US mail, or drop them off in person. The Division addressed and closed 2,770 complaints in FY 13-14.

An inquiry is a written request for information or an expression of opinion regarding an insurance-related issue that may or may not require a response by the Division. The Division addressed and closed 202 inquiries in FY 13-14.

Regardless of how the consumer submits a complaint, Consumer Affairs makes it a priority to get the complaint assigned to an analyst.

In January 2014, the Division initiated a LEAN Process Improvement Project to increase the effectiveness and efficiency of the complaint intake and assignment process. Project results are impressive: complaint assignment times were reduced to 0.2 days and tracking of new complaints is now done electronically so that a complaint submission and its assignment can be located immediately.

Jurisdiction

Once a complaint is received, it is assigned to a complaint analyst within the appropriate section (L&H or P&C). The analyst must first determine whether the Division has jurisdiction.

On the P&C side, the Division cannot determine the dollar value of a particular loss, 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. In these cases, a formal complaint may be opened if there is concern that the company did not comply with its statutory obligation of completing a reasonable investigation.

While the P&C section of Consumer Affairs does regulate employers' classification for workers' compensation coverage, consumer concerns involving their workers' compensation claims are referred to the Division of Workers' Compensation in the Colorado Division of Labor and Employment.

On the L&H side, not all insurance plans or issues are within the Division's jurisdiction. Particularly in the health coverage area, several types of plans do not fall within the Division's regulatory authority. These include: health benefit plans covering federal employees; Medicare; Medicaid; the Child Health Plus plan; employer-provided 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 for its employees and their families and determines the plan's benefit levels. Between one quarter and one third of Colorado consumers have health coverage under an employer self-funded health plan that the Division does not have jurisdiction over. One quick way for most consumers to identify whether their health coverage comes under the

Division of Insurance is whether there is a notation of “CO-DOI” on the front of their health insurance card.¹

If the Division does not have jurisdiction to address a particular complaint, the analyst will refer the consumer to the federal or state agency best able to assist the consumer on the particular issue or provide the consumer with information about where to go to access other information or assistance.

If the Division has jurisdiction, the analyst will determine whether the complaint can be quickly resolved or if a formal complaint investigation needs to be opened.

Quick Resolutions

If the complaint can be resolved within fifteen days and without opening a formal investigation, it is considered a “quick resolution”.

The Complaint Process

If a formal complaint investigation is warranted, the analyst will open a complaint file.

The assigned analyst sends a letter to the company on behalf of the consumer, enclosing a copy of the consumer’s complaint. The Division requests the company respond directly to the consumer about the complaint with a copy of the response to the Division. The complaint analyst may also request additional information from the company be sent to the Division to assist in the investigation.

Consumers receive copies of all correspondence between the company and the Division pertinent to the specific complaint. However, some insurance documentation may be sent only to the Division in consideration of the insurer’s proprietary concerns.

The company is usually given 20 days to research and respond to a consumer’s complaint forwarded by the Division. If additional time is needed to respond, the company must submit a request for an extension of time in writing and must support its request with good cause.

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

- Suggest a course to remedy the consumer’s complaint, including having the company act, or not act, in a certain manner;
- 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; and/or
- Pursue enforcement of statutory, regulatory or policy provisions through administrative action, including imposing a civil penalty on the company or licensed producer, referring

¹ CRS § 10-16-135 and Colorado Insurance Regulation 4-2-29.

the matter for further examination or action against a license, or, in some instances, 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 Licensing and Investigation (L&I) section for an administrative action, i.e. license revocation, suspension or a penalty. Producer violations or unlicensed activities may include improperly withholding, misappropriating, or converting to the licensee's or applicant's own use any moneys or property belonging to policyholders, insurers, beneficiaries, or others received in the course of the business of insurance.

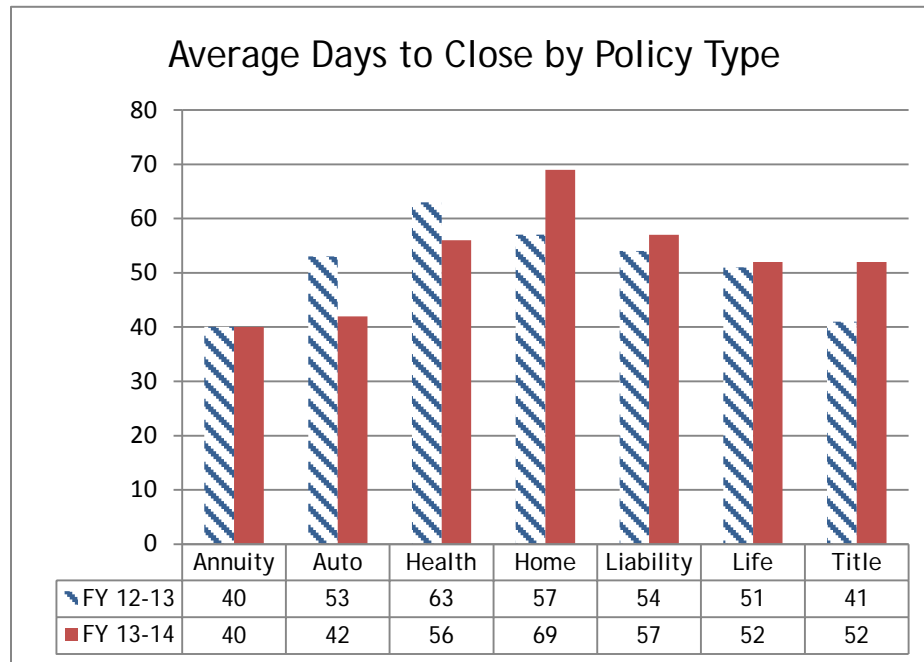
When the Division finds the insurance company or producer acted appropriately, and within the requirements of law and the insurance policy, the Consumer Affairs staff works to educate the consumer on provisions of the law and their rights and responsibilities under the insurance policy. This educational role focuses on helping consumers understand their insurance coverage, the requirements of the law, and the applicable principles of insurance coverage.

At the conclusion of the investigation, the analyst will close the complaint file, choosing the appropriate disposition.

Consumer Focus and Feedback on the Complaint Process

The Division strives to resolve consumer complaints as quickly as possible. The Division's goal is to have 85% of complaints resolved in 90 days. The Division improved its performance when compared to FY 12-13, closing 90% of complaints within 90 days and 96% within 120 days.

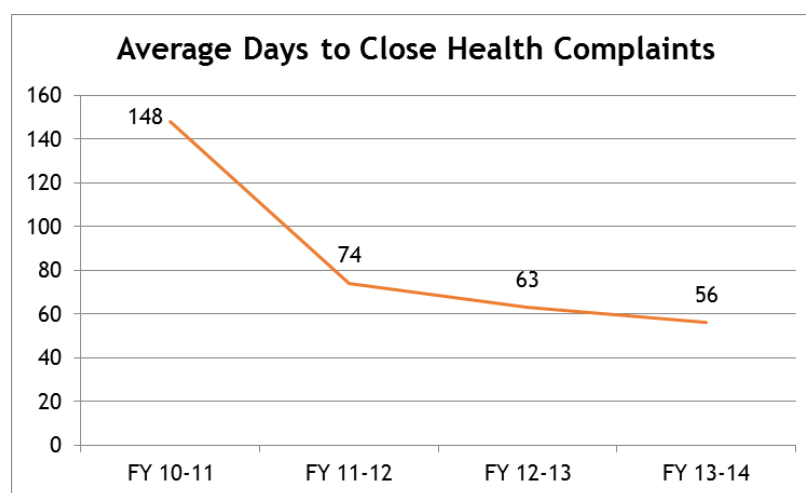
Overall, the Division reduced the average days to close from 56 days in FY 12-13 to 53 days in FY 13-14.



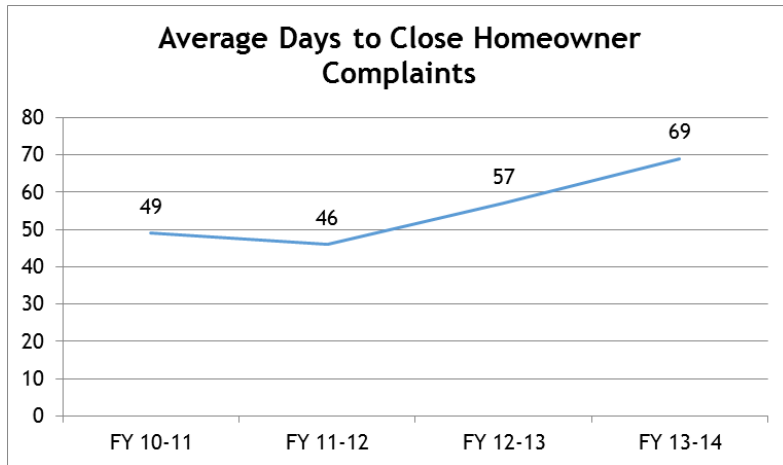
The chart to the left provides a year-to-year comparison of average days to close a complaint by policy type.

Homeowner average days to close increased in FY 13-14 as compared to the prior year. This is due to the complexity of the claim issues involved. The Division assisted a number of consumers with significant wildfire losses requiring ongoing investigation.

The Division continues to work on timely closure of complaints and has significantly reduced the time that some complaints are open.



The L&H section continues to increase the number of companies that it corresponds with electronically, which decreases the amount of time related to sending and receiving complaint investigation information from the insurance companies. This allows the analyst to begin reviewing the company's responses on a more timely basis.



The P&C section handled seventy-four (74) complaints from the Waldo Canyon fire survivors. These complaints were very complex and required additional time for review. As of June 2014 all but four (4) of these complaints have been closed.

The Division takes consumer feedback very seriously and has a process in place to seek consumer input on every complaint file handled. This consumer survey process is one of the processes being considered for a FY 14-15 LEAN Process Improvement Project. Currently, the process is as follows:

Once a formal complaint investigation has been closed, the Division sends the complainant a postcard asking for an evaluation of the Consumer Affairs analyst’s handling of the complaint in the areas of knowledge, professionalism and handling.

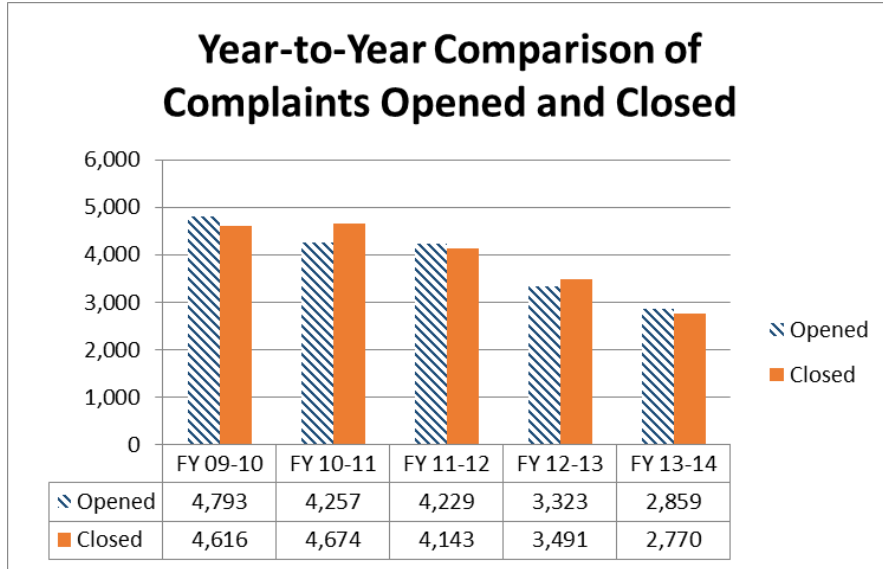
In FY 13-14, 36 percent of consumers receiving the postcard returned it. Of those returned, 67 percent rated the Division’s work as “excellent” in at least one category, and 31 percent as “satisfactory”. On 12 percent of the returned cards, the consumer did not utilize the excellent-satisfactory-unsatisfactory scale.

The Consumer Affairs’ directors review every consumer card received. Analysts are required to review the file of any card expressing dissatisfaction and meet with their respective director to discuss why the consumer was dissatisfied, what actions can be taken to resolve outstanding issues, and how to improve customer service.

Complaint Analysis and Trends

The trend of decreasing complaint counts continued in FY 13-14.

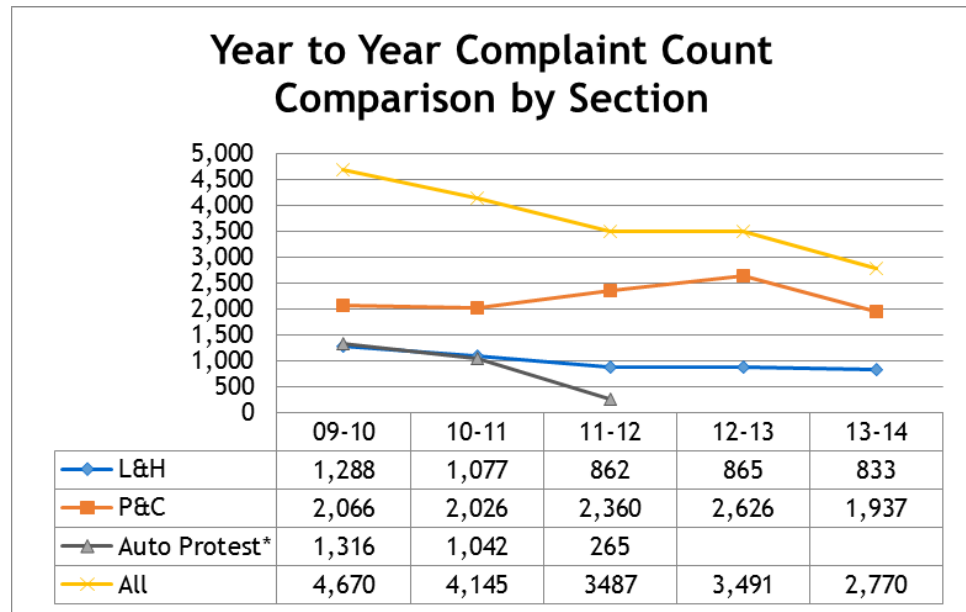
Some of the decrease can be attributed to consumers' increased use of on-line tools and resources.



Many Colorado consumers are not aware of the services and assistance the Division can offer. The Division is continually in the process of increasing its outreach efforts to inform Colorado consumers of our role in all insurance related matters.

The chart to the right takes a closer look at complaint counts by section. L&H held relatively steady over the last few years whereas P&C numbers dropped.

For P&C, complaint counts in FY 11-12 and FY 12-13 were higher because of the multiple natural catastrophes.



*Auto Protests were repealed and discontinued in 2012

% OF COMPLAINTS BY COVERAGE TYPE					
L&H Complaints					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Annuity	1.1%	0.5%	0.7%	0.5%	0.5%
Health	19.5%	21.7%	21.4%	19.8%	24.4%
Life	3.8%	5.5%	3.9%	4.6%	5.2%
P&C Complaints					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Auto Protests	31.4%	28.2%	25.2%	7.6%*	*
Auto	23.4%	22.5%	25.4%	39.7%	38.3%
Home	15.0%	16.2%	17.6%	21.6%	24.0%
Liability	2.0%	1.7%	1.4%	1.5%	1.7%
Other	2.7%	3.0%	3.5%	3.8%	5.2%
Title	1.2%	0.9%	0.9%	1.1%	0.7%

*Auto Protests were repealed and discontinued in 2012

On the L&H side, Health complaints increased from 19.8% of all complaints received in FY 12-13 to 24.4% in FY 13-14.

Life insurance complaints also increased when compared to last year, from 4.6% to 5.2% of all complaints received.

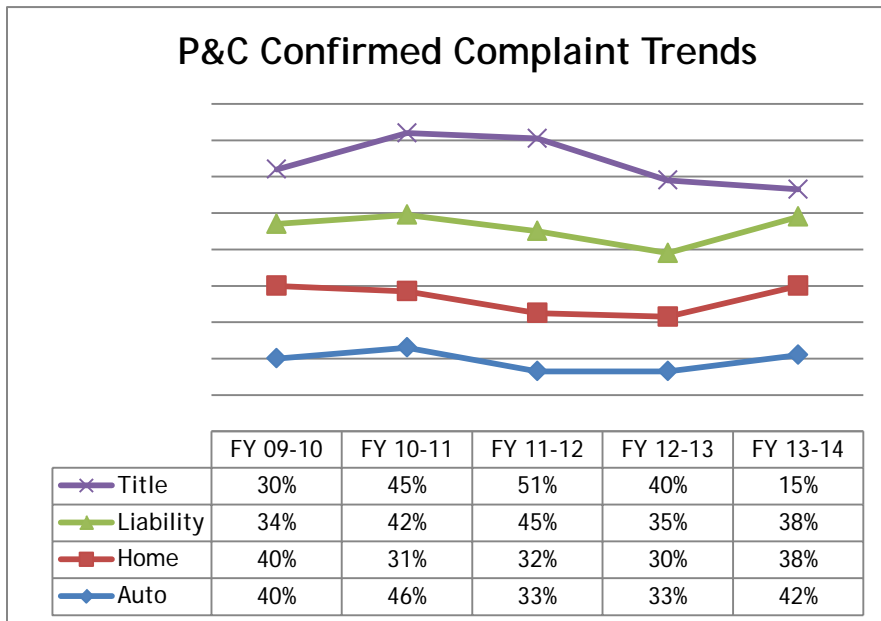
Of the two major P&C lines, auto decreased slightly, from 39.7% to 38.3% of all complaints, while homeowner increased from 21.6% to 24.0%.

A more detailed analysis of each type of insurance and the complaints lodged in that type is found on the following pages of this report.

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 law, regulation or the insurance policy contract and upheld the consumer's position.

Overall, the Division found consumers' complaints confirmed, and the company in violation of law or policy provisions, 44 percent of the time. The P&C section's confirmed rate was 40 percent while the rate for L&H was 52 percent. Historical perspective on the types of insurance complaints confirmed, by section, is provided in the charts below.



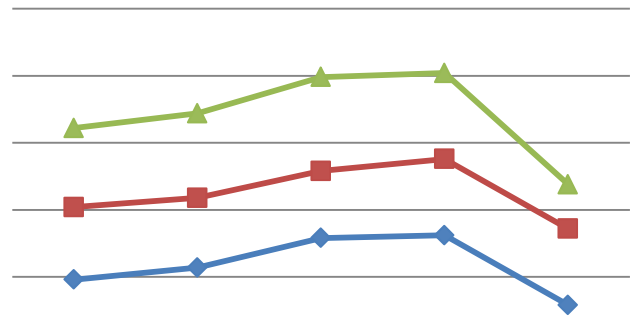
There is an observable increase in the percent of confirmed complaints for Homeowners this fiscal year. The Division obtained additional claim payments following hail and wildfire loss related complaints.

Auto and Liability confirmed complaints increased from last fiscal year to this fiscal year; however, over the last five fiscal years the average percentage of confirmed complaints is 39, which is consistent with FY 13-14 confirmed complaints.

In contrast to complaints handled in the P&C section, the percentage of confirmed complaints handled has declined in two of the three types of insurance handled in the L&H section.

Life and annuity complaints can be difficult to resolve in the favor of the consumer due to discrepancies between what the consumer and the agent or the insurer recall about the policy discussions at the time of sale. A confirmation that the insurer or agent was in the wrong can be more difficult to determine in these complaints.

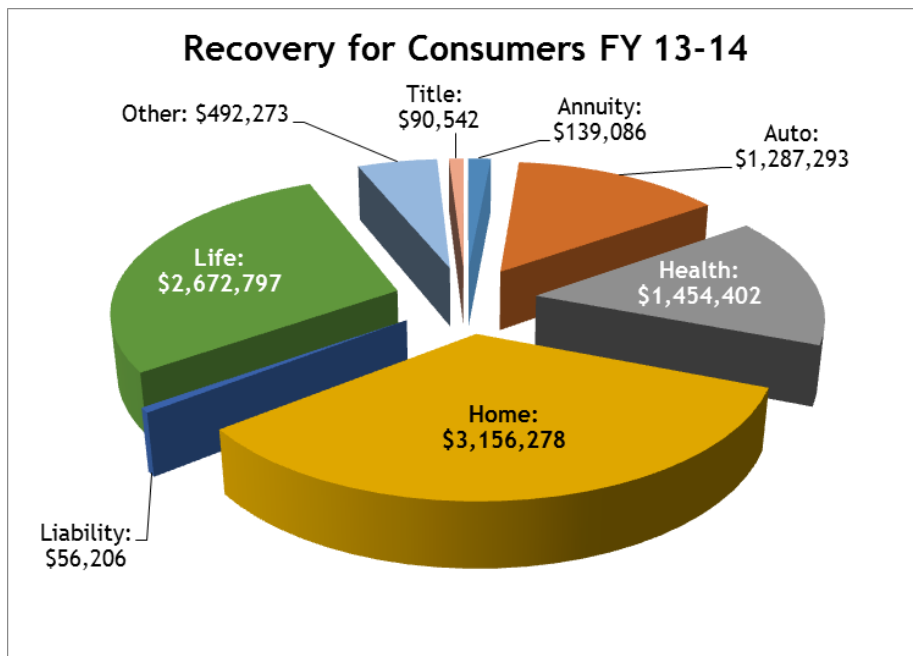
L&H Confirmed Complaint Trend



	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Life	59%	63%	70%	64%	33%
Health	54%	52%	50%	57%	57%
Annuity	48%	57%	79%	81%	29%

Recoveries for Consumers

Consumer Affairs' investigations of individual consumer complaints against insurers may result in financial recovery for the consumer. Recoveries come in the form of additional claim payments, overturned denials of benefits or other refunds due to the consumer. In FY 13-14, the Division recovered over \$9 million dollars for Colorado consumers. The following chart provides detail on recovery by insurance type.

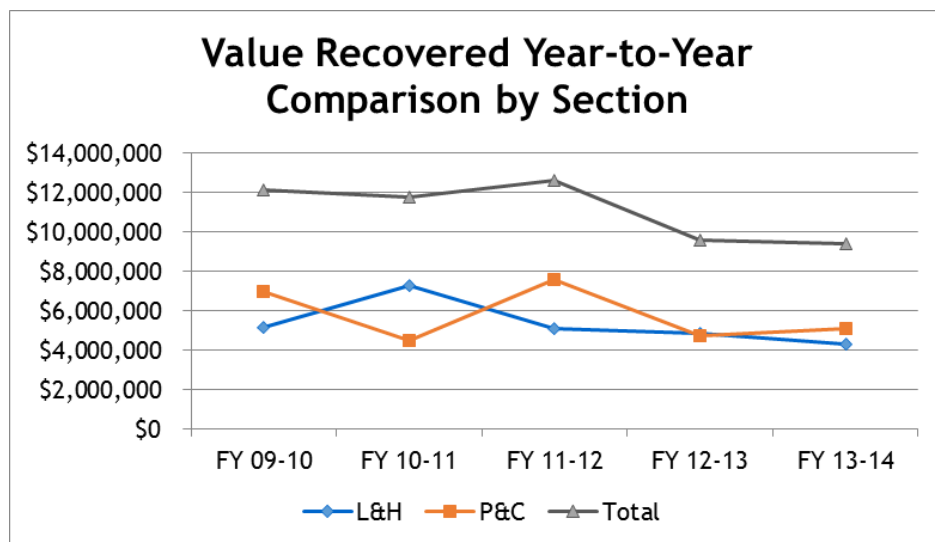


Although no dollar value is calculated for Division intervention that results in reinstatement of coverage after cancellation, or reversal of policy non-renewal, the Division's assistance provides a valuable service to Colorado consumers.

L&H includes all types 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.

Over the last five fiscal years, the Division's Consumer Affairs staff returned almost \$55 million dollars to consumers.



Recoveries obtained for consumers by the Division's Consumer Affairs staff based on complaints has averaged \$11,062,595 annually over the last five years.

Complaint Reasons by Category and Type of Insurance

Complaints are assigned to an L&H or P&C analyst according to the type of insurance identified. Complaints are initially categorized by the type of insurance involved: Annuity, Auto, Home, Health, Liability, Life and Title.

After section and type, complaints are further categorized according to functional areas, i.e. the type of action taken by the insurer that initiated the complaint: **Underwriting (UW)**, **Claim Handling (CH)**, **Policyholder Services (PS)** and **Marketing & Sales (MS)**.

The chart to the right provides detail on the most frequent functional area of each type of insurance.

Section	Type of Insurance	Functional Area
L&H	Annuities	Marketing & Sales (55.2%)
	Health	Claim Handling (46.5%)
	Life	Policyholder Services (55.0%)
P&C	Auto	Claim Handling (73.3%)
	Homeowner	Claim Handling (63.5%)
	Liability	Claim Handling (58.2%)
	Title	Marketing & Sales (56.5%)

In order to obtain even more data on the insurance issues Colorado consumers are experiencing, reasons are assigned to each file to describe the specific details of the complaint. The chart below provides detail on the top two complaint reasons by section and by type of insurance. A more detailed discussion on the types, functional area and reasons for consumer complaints is found later in this report.

Top Two Complaint Reasons by Section			
Section	Type of Insurance	Top Two Reasons	
L&H	Annuities	Misrepresentation (17.2%)	Suitability (17.2%)
	Health	Denial (18.7%)	Delay (9.1%)
	Life	Coverage Question (9.6%)	Premium Notice / Billing (9.2%)
P&C	Auto	Delay (17.0%)	Denial (16.3%)
	Homeowner	Denial (21.2%)	Unsatisfactory Offer (14.2%)
	Liability	Denial (25.5%)	Delay (16.4%)
	Title	Agent Handling (21.7%)	Claim Delay (8.7%)

Claim Handling is the prominent functional area of all complaints filed with the Division. In FY 13-14, **Claim Handling** comprised 62% of all complaints filed with the Division followed by **Policyholder Services** with 18.3%, **Underwriting** with 15.6% and, finally, **Marketing & Sales** with 4.1%.

Annuity Insurance

Annuity Insurance is a contract sold by insurance companies that pays a monthly (or quarterly, semiannual, or annual) income benefit for the life of a person or for a specified period of time. An annuity may be purchased in installments, with benefits scheduled to begin at a specified age such as 65; or, it may be purchased with a single lump sum, with benefits scheduled to begin immediately or at a later date.

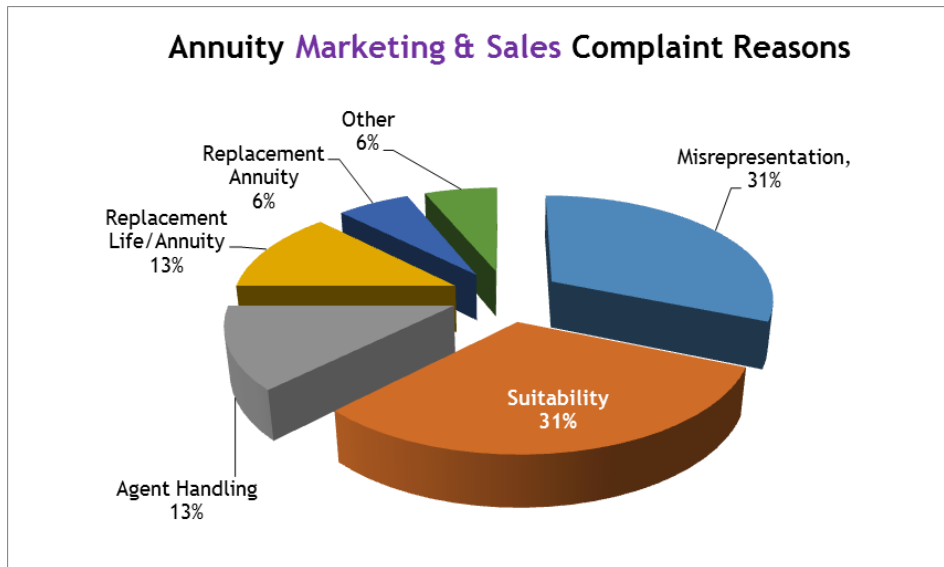
A consumer annuity complaint may involve a number of functional areas such as **Marketing & Sales**, **Policyholder Services**, and **Claim Handling**. Therefore, the numbers reflected in the analysis of annuity complaints are greater than the number of consumer complaints closed in FY 13-14.

The chart below reflects the number of annuity complaint reasons per functional area. As in FY 12-13, **Marketing & Sales** was the functional area that received most consumer complaints in FY 13-14.

- Annuity Insurance Quick Facts:**
- ✓ \$4.8B in Colorado Premium in 2013
 - ✓ 40 Individual carriers/7 Groups comprise 90% of the market
 - ✓ 14 closed complaints in FY 13-14
 - ✓ 29% confirmed complaints
 - ✓ Average days to close: 40
 - ✓ \$90,542 dollars recovered

Annuity Insurance		
Functional Area	Number of Complaints	% of All
Marketing & Sales	16	55.2%
Policyholder Services	12	41.4%
Claim Handling	1	3.4%
All Annuity	29	

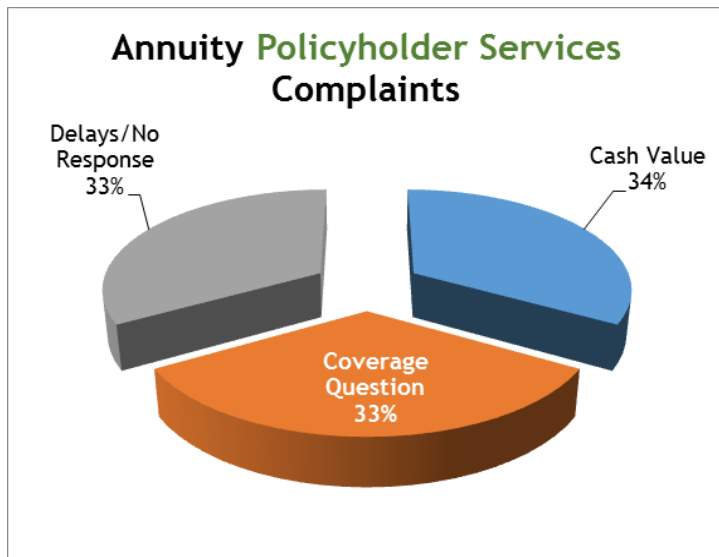
This report will take a closer look at the two functional areas that received the most complaints: **Marketing & Sales** and **Policyholder Services**.



Misrepresentation and Suitability issues were the two primary complaints under **Marketing & Sales** together comprising 62% of all annuity complaint reasons.

Suitability complaints involve annuities that don't meet the financial needs of the policyholder. Whether a particular annuity is suitable for a consumer is determined at the time of sale. As a consumer's financial situation can change unexpectedly over the years, the annuity product may no longer provide the financial security for which it was purchased. Unless it can be proven that the annuity wasn't suitable when it was sold, the Division may not be successful in obtaining the resolution the consumer was hoping for when he or she contacted us for assistance.

Misrepresentation complaints involve issues related to how the annuity is marketed by the insurer and/or the producer. Marketing materials and the insurer's producer sales training materials are often reviewed by the L&H analysts to determine if the benefits and costs associated with the annuity have been clearly and accurately explained to the consumer before the annuity was issued.



Complaints involving **Policyholder Services** are equally divided between Delays/No Response, Cash Value disputes and Coverage Questions, each comprising 33.3% of all **Policyholder Services** annuity reasons.

Year over year, Misrepresentation and Suitability have remained the top complaint reasons. In FY 13-14 both have increased as a percentage of all Annuity complaints closed as compared to the prior year.

Complaints involving Misrepresentation increased from 13% to 17% of all annuity complaint reasons in FY 13-14 and Suitability complaints increased from 10% to 17%.

Top Ten Annuity Insurance Complaints for FY 13-14					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Misrepresentation (MS)	19%	23%	20%	13%	17%
Suitability (MS)	17%	14%	16%	10%	17%
Delays/No Response (PS)	7%	6%	2%	10%	7%
Agent Handling (MS)	4%	6%	12%	7%	7%
Coverage Question (PS)	*	*	2%	3%	7%
Replacement Life/Annuity (MS)	*	*	*	*	7%
Replacement Annuity (PS)	*	*	*	*	7%
Cash Value (PS)	*	*	*	*	7%
Other (MS)	*	*	*	*	3%
Misleading Advertising (MS)	4%	9%	2%	13%	3%

Annuity Complaint Report

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.colorado.gov/insurance> and clicking on "Consumer Information" and then on "Complaint Index & Reports".

The consumer complaint ratio illustrates how some companies generate more complaints per \$1 million of premium than others. 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.

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.

Annuity Insurance							
Company Name	Industry Group	Market Share	Premium (\$Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
Pacific Life Insurance Company	Pacific Life Ins Co	8.33%	\$461.88M	0	0	0.00	0.00
Jackson National Life Insurance Company	Jackson Natl Grp	7.17%	\$397.60M	0	0	0.00	0.00
Great-West Life & Annuity Insurance Company	Great West L Asr	7.16%	\$397.02M	0	0	0.00	0.00
Lincoln National Life Insurance Company, The	Lincoln Natl	6.72%	\$372.71M	0	0	0.00	0.00
Transamerica Life Insurance Company	Aegon Us Holding Grp	4.24%	\$235.02M	0	0	0.00	0.00
AXA Equitable Life Insurance Company	Axa Ins Grp	3.78%	\$209.86M	0	0	0.00	0.00
Pruco Life Insurance Company	Prudential Of Amer	3.72%	\$206.30M	0	0	0.00	0.00
Teachers Insurance and Annuity Association of America	Tiaa Family Of Co	3.70%	\$204.92M	0	0	0.00	0.00
New York Life Insurance and Annuity Corporation	New York Life Grp	3.10%	\$171.89M	0	0	0.00	0.00
Allianz Life Insurance Company of North America	Allianz Ins Grp	2.84%	\$157.42M	0	0	0.00	0.00
Security Benefit Life Insurance Company	Security Benefit	2.83%	\$156.92M	1	0	0.01	3.21

John Hancock Life Insurance Company (U.S.A.)	John Hancock Grp	2.81%	\$156.02M	0	0	0.00	0.00
American General Life Insurance Company (AIG)	American Intrnl Grp	2.75%	\$152.33M	1	0	0.01	3.31
Nationwide Life Insurance Company	Nationwide Corp	2.32%	\$128.58M	0	0	0.00	0.00
Massachusetts Mutual Life Insurance Company	Mass Mut L I C	2.28%	\$126.65M	0	0	0.00	0.00
Prudential Insurance Company of America, The	Prudential Of Amer	2.22%	\$122.97M	0	0	0.00	0.00
American Equity Investment Life Insurance Company	American Equity Investment Grp	2.04%	\$112.92M	2	2	0.02	8.93
American United Life Insurance Company	Oneamerica Financial Partners Grp	1.98%	\$109.71M	0	0	0.00	0.00
Thrivent Financial for Lutherans	Thrivent Financial For Lutherans	1.66%	\$91.84M	0	0	0.00	0.00
MetLife Investors USA Insurance Company (MetLife)	Metropolitan Grp	1.65%	\$91.37M	0	0	0.00	0.00

Auto Insurance

In FY 13-14, 95% of all auto insurance complaints involved Private Passenger auto insurance. The remaining 5% was comprised of Commercial (2.6%), Motorcycle (1.9%), Motorhome/Recreational (0.3%) and Rental (0.2%).

Auto Insurance, regardless of type, typically offers the following coverages:

- A. Liability
 - 1. Mandatory coverage
 - 2. Pays when the insured is at-fault
 - 3. Provides a defense if the insured is sued
- B. Medical Payments
 - 1. Mandatory offer (may be rejected in writing)
 - 2. Pays the driver's or passengers' medical costs related to an automobile accident up to the limit purchased
- C. Uninsured Motorist
 - 1. Mandatory offer (may be rejected in writing)
 - 2. Pays what an at-fault driver would have paid if the at-fault driver is uninsured
- D. Comprehensive
 - 1. Optional coverage
 - 2. Pays for other-than-collision damage to the insured vehicle (i.e. hail, flood, theft)
- E. Collision
 - 1. Optional coverage
 - 2. Pays for collision damage to the insured vehicle

Private Passenger Auto Insurance Quick Facts:

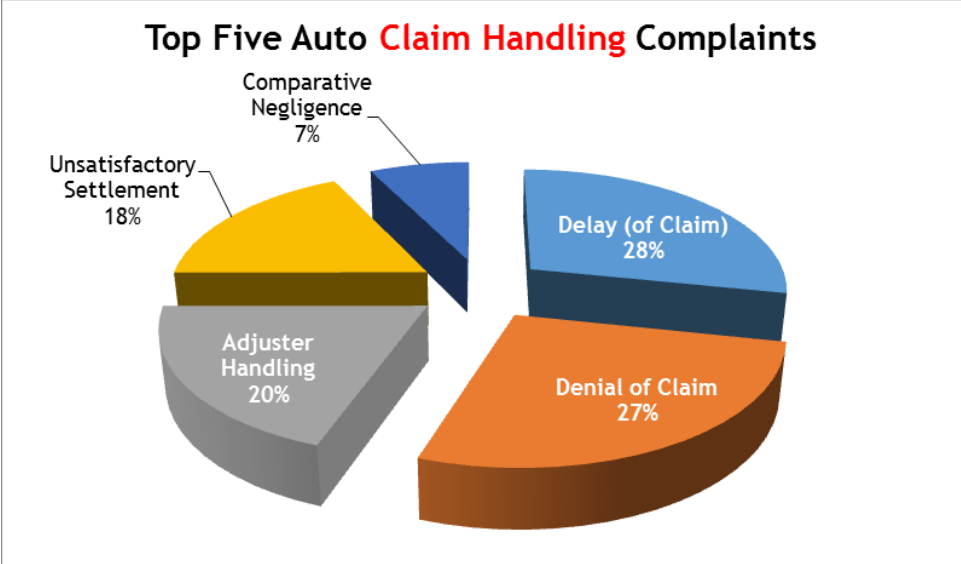
- ✓ \$3.0B in Colorado Premium in 2013
- ✓ 43 Carriers comprise 90% of the market
- ✓ 1062 closed complaints in FY 13-14
- ✓ 42% confirmed complaints
- ✓ Average days to close: 42
- ✓ \$1,287,293 dollars recovered

Auto Insurance		
	Number of Complaints	% of All
Claim Handling	908	73.3%
Underwriting	217	17.5%
Policyholder Services	93	7.5%
Marketing & Sales	21	1.7%
All Auto	1,239	

Auto insurance complaints comprise 37% of all complaints received by the Division. **Claim Handling** is by far the most common functional area of auto complaints. A majority (73.3%) of all auto complaints closed in FY 13-14 involved **Claim Handling**. **Underwriting** is the second highest functional area with 17.5%.

This report will take a closer look at these two areas.

A consumer complaint may involve a number of functional areas such as **Marketing & Sales**, **Policyholder Services** and **Claim Handling**. Thus the numbers reflected in the analysis below are greater than the actual number of consumer complaints received.



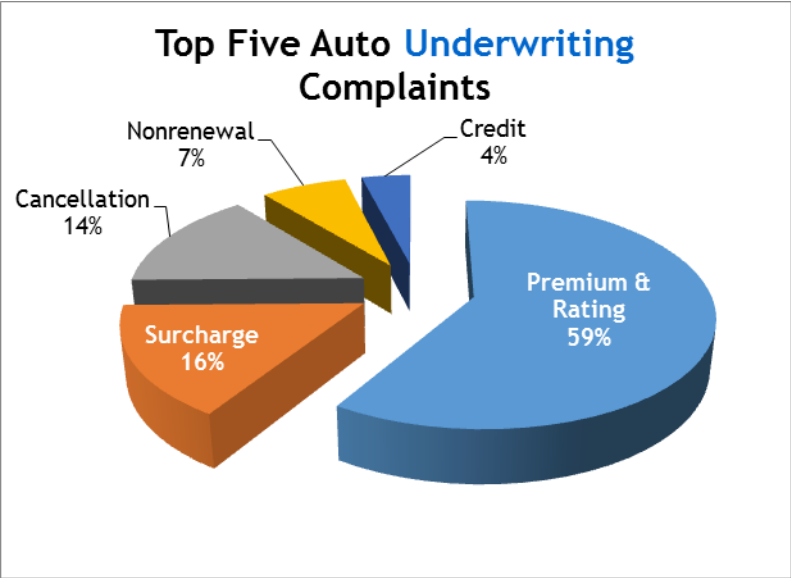
Delay of Claim (28%) and Denial of Claim (27%) comprise over half of all auto **Claim Handling** auto complaints.

Adjuster Handling, also a **Claim Handling** function, rounds out the top three reasons with 20% of all **Claim Handling** auto complaints closed in FY 13-14.

The policyholder (1st party) or the party that is alleging damages caused by the policyholder's negligence (3rd party) file **Claim Handling** auto complaints. The Division does not have the jurisdiction to determine liability nor damage value. The Division does hold the insurance companies responsible for complying with their statutory obligation of completing thorough investigations and determining standard methodologies to evaluate damages.

The chart to the right takes a closer look at the top five reasons within the functional area of **Underwriting**.

Premium & Rating (59%) complaints comprise over half of all auto **Underwriting** complaints. The Division will confirm that the rates applied have been properly filed with the Division and all information affecting the premium is accurate. Surcharge, at 16%, is the second highest reason and is a result of an accident or motor vehicle record (traffic infraction) applied to a policy. Prior to August 2012, these complaints would have fallen under the Protest numbers. Since the repeal of the protest process, consumers with concerns involving surcharges file complaints. The Division investigates to ensure that the company processed the surcharge correctly and notified the consumer according to statutory obligations.



Top Ten Auto Complaint Reasons for FY 13-14					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Delay (CH)	6%	6%	7%	12%	17%
Denial of Claim (CH)	5%	6%	8%	12%	16%
Adjuster Handling (CH)	*	*	2%	5%	12%
Unsatisfactory Settlement Offer (CH)	4%	4%	4%	6%	11%
Premium and Rating (UW)	33%	33%	31%	23%	10%
Comparative Negligence (CH)	*	*	2%	2%	4%
Surcharge (UW)	21%	22%	22%	12%	3%
Credit Scoring (UW)	8%	8%	7%	5%	2%
Cancellation (UW)	*	*	*	2%	2%
Liability Dispute (CH)	*	*	*	3%	2%

Year over year, auto complaints consistently involve **Claim Handling** as the primary functional area, followed by **Underwriting**.

Unlike **Underwriting** complaints, which have declined as compared to last year, **Claim Handling** complaints have increased as a percent of all auto complaints received.

Auto Complaint Report

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.colorado.gov/insurance> and clicking on "Consumer Information" and then on "Complaint Index & Reports".

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Automobile, Private Passenger

Company Name	Industry Group	Market Share	Premium (\$Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
State Farm Mutual Automobile Insurance Company	State Farm II	17.86%	\$549.59M	90	47	0.16	0.48
Farmers Insurance Exchange (Farmers)	Zurich Ins Grp	8.75%	\$269.34M	106	36	0.39	1.15
American Family Mutual Insurance Company	American Family Ins Grp	7.31%	\$224.78M	62	20	0.28	0.81
Progressive Direct Insurance Company (Halcyon)	Progressive Grp	5.54%	\$170.49M	50	14	0.29	0.86
Geico Casualty Company (GEICO)	Berkshire Hathaway	4.98%	\$153.15M	39	17	0.25	0.75
Progressive Preferred Insurance Company	Progressive Grp	4.60%	\$141.49M	40	9	0.28	0.83
Allstate Fire and Casualty Insurance Company	Allstate Ins Grp	4.37%	\$134.43M	34	11	0.25	0.74
United Services Automobile Association (USAA)	United Services Automobile Asn Grp	3.79%	\$116.66M	20	7	0.17	0.50
USAA Casualty Insurance Company (USAA)	United Services Automobile Asn Grp	3.38%	\$103.94M	32	8	0.31	0.90
Safeco Insurance Company of America	Safeco Ins Grp	3.03%	\$93.31M	32	14	0.34	1.01
GEICO General Insurance Company (GEICO)	Berkshire Hathaway	1.69%	\$51.98M	11	5	0.21	0.62
Allstate Insurance Company	Allstate Ins Grp	1.46%	\$44.78M	17	6	0.38	1.11
State Farm Fire and Casualty Company	State Farm II	1.32%	\$40.60M	11	6	0.27	0.79
Bristol West Insurance Company	Bristol West Ins Grp	1.21%	\$37.22M	32	14	0.86	2.52
Travelers Home and Marine Insurance Company, The	St Paul Travelers Grp	1.21%	\$37.37M	10	4	0.27	0.78
Allstate Property and Casualty Insurance Company	Allstate Ins Grp	1.09%	\$33.47M	10	3	0.30	0.88
USAA General Indemnity Company (USAA)	United Services Automobile Asn Grp	1.05%	\$32.37M	4	2	0.12	0.36
American Standard Insurance Company of Wisconsin	American Family Ins Grp	1.02%	\$31.45M	14	5	0.45	1.31
LM General Insurance Company (Liberty Mutual)	Liberty Mut Grp	0.99%	\$30.61M	17	7	0.56	1.63
Twin City Fire Insurance Company	Hartford Fire & Cas Grp	0.95%	\$29.33M	6	1	0.20	0.60

Health Insurance

Health Insurance includes a wide range of coverages, such as comprehensive medical policies, dental policies, disability income policies, long-term care insurance, specified disease insurance such as cancer-only policies, accident only policies, Medicare supplement policies, fixed indemnity policies and other types of limited health insurance policies.

A consumer complaint may involve a number of functional areas such as **Marketing & Sales**, **Policyholder Services** and **Claim Handling**. Thus the numbers reflected in the analysis below are greater than the actual number of consumer complaints closed.

Health Insurance Facts:

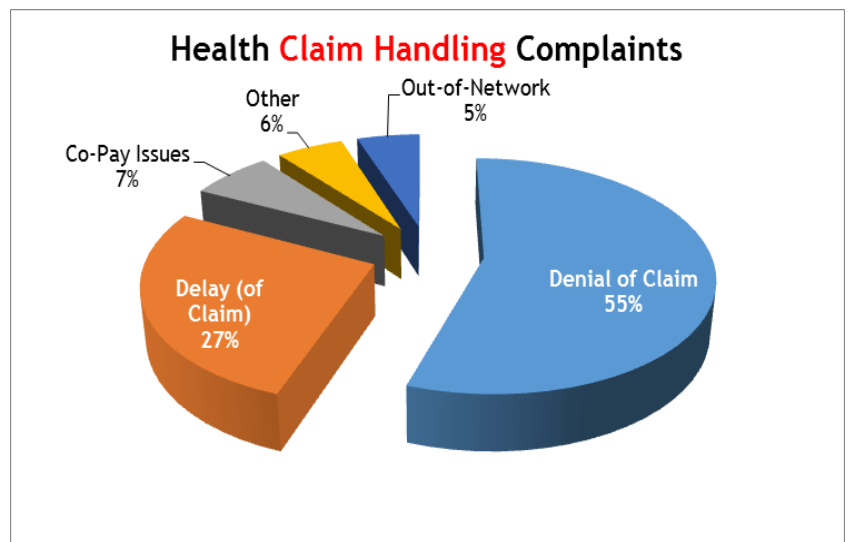
- ✓ \$10.5B in Colorado Premium in 2013
- ✓ 31 carriers comprising 90% of the market
- ✓ 675 closed complaints in FY 13-14
- ✓ 57% confirmed complaints
- ✓ Average days to close: 56
- ✓ \$1,454,402 dollars recovered

Health Insurance		
	Number of Complaints	% of All
Claim Handling	443	46.5%
Policyholder Services	295	31.0%
Underwriting	138	14.5%
Marketing & Sales	77	8.1%
All Health	953	

The chart to the left provides detail on the number and percent of complaints falling into each functional area. **Claim Handling** and **Policyholder Services** are the top two and this report will take a closer look at each.

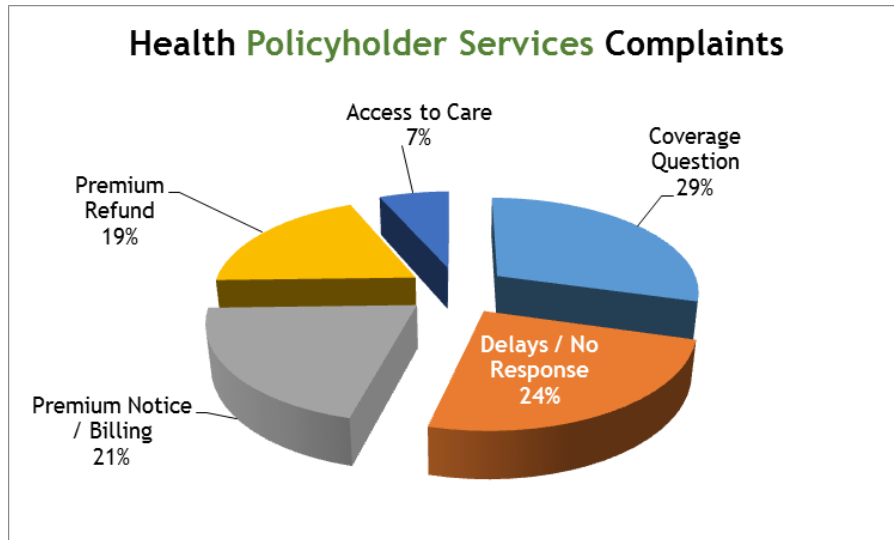
Health complaints involving **Claim Handling** comprise nearly half of all Health complaints (46.5%) investigated by the L&H section.

Of all of the **Claim Handling** health complaint reasons, Denial of Claim (55%) is measurably the most frequent **Claim Handling** reason for health complaints. Success in resolving Denial of Claim complaints is a major contributor to the total health insurance recoveries obtained on behalf of Colorado consumers.



Whether or not the Division is successful in resolving Denial of Claim complaints, we take the time to help consumers understand what types of benefits are provided by their health insurance policies. Medical treatments and procedures can be very complex and how a particular health insurance policy

will cover those treatments and procedures can be particularly challenging at a time when the consumer or a member of his or her family may also be dealing with a health condition or health crisis. The L&H analysts are trained in helping consumers navigate the maze of health insurance policy benefits and provisions during these difficult times.



The chart to the left provides detail on the reasons involved with **Policyholder Services** health complaints.

The most frequent reason involves Coverage Questions (29%) followed closely by Delays/No Response (24%) and Premium Notice/Billing (21%).

Year over year, Denial of Claim and Claim Delay have remained the top Health complaint reasons, both in the functional area of **Claim Handling**. The top **Policyholder Services** reason is, once again, Coverage Question with 7% of all health complaints involving this reason. Coverage Questions have assumed the top **Policyholder Services** reason while Premium Notice and Billing Issues have gone down over the years.

	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Denial of Claim (CH)	24%	25%	20%	20%	19%
Claim Delay (CH)	10%	9%	9%	8%	9%
Coverage Question (PS)	5%	4%	4%	5%	7%
Delays/No Response (PS)	*	*	3%	3%	6%
Premium Notice & Billing (PS)	10%	12%	9%	6%	5%
Premium Refund (PS)	*	*	*	*	5%
Co-pay Issues (CH)	*	*	*	4%	2%
Other (CH)	2%	2%	2%	3%	2%
Out of Network (CH)	*	*	*	*	2%
Access to Care (PS)	*	*	*	*	2%

Health Insurance 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.colorado.gov/insurance> and clicking on "Consumer Information" and then on "Complaint Index & Reports".

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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.

Health, including HMO, Accident, Dental and Prepaid Dental							
Company Name	Industry Group	Market Share	Premium (\$Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
Kaiser Foundation Health Plan of Colorado	Kaiser Foundation	23.17%	\$1724.90M	99	65	0.06	0.77
UnitedHealthcare Insurance Company (United Healthcare)	Unitedhealth Grp	15.32%	\$1140.20M	49	27	0.04	0.58
Rocky Mountain Hospital and Medical Service, Inc. (Anthem Blue Cross and Blue Shield)	Wellpoint Inc Grp	12.15%	\$904.66M	97	44	0.11	1.44
Humana Insurance Company	Humana Inc	4.57%	\$340.40M	49	36	0.14	1.93
CIGNA Health and Life Insurance Company	Great West L Asr	4.55%	\$339.02M	8	5	0.02	0.32
Aetna Life Insurance Company	Aetna	2.92%	\$217.69M	14	7	0.06	0.86
Rocky Mountain Healthcare Options, Inc. (HealthCare Options, Inc.)	Rocky Mountain Health Plans	2.29%	\$170.59M	20	5	0.12	1.57
Rocky Mountain Healthcare Options, Inc. (Rocky Mountain HCO)	Rocky Mountain Health Plans	2.29%	\$170.59M	20	5	0.12	1.57
Rocky Mountain Healthcare Options, Inc. (Rocky Mountain Health Plans)	Rocky Mountain Health Plans	2.29%	\$170.59M	20	5	0.12	1.57
Colorado Dental Service, Inc.		1.96%	\$146.02M	4	3	0.03	0.37
Connecticut General Life Insurance Company	Cigna Health Grp	1.66%	\$123.93M	23	12	0.19	2.48
HMO Colorado, Inc. (Hmo Blue)	Wellpoint Inc Grp	1.65%	\$122.84M	2	2	0.02	0.22
Rocky Mountain Health Maintenance Organization, Incorporated (Rocky Mountain Health Plans)	Rocky Mountain Health Plans	1.58%	\$117.30M	3	2	0.03	0.34
Rocky Mountain Health Maintenance Organization, Incorporated (Rocky Mountain Hmo)	Rocky Mountain Health Plans	1.58%	\$117.30M	3	2	0.03	0.34
Metropolitan Life Insurance Company (MetLife)	Metropolitan Grp	1.39%	\$103.63M	4	3	0.04	0.52
Golden Rule Insurance Company (United Healthcare)	Unitedhealth Grp	1.11%	\$82.84M	17	10	0.21	2.75
Humana Health Plan, Inc.	Humana Inc	1.11%	\$82.62M	2	1	0.02	0.32

Colorado Access		1.00%	\$74.59M	0	0	0.00	0.00
Time Insurance Company (Assurant Health)	Assurant Inc Grp	0.93%	\$68.87M	18	11	0.26	3.50
Aetna Health, Inc	Aetna	0.86%	\$63.75M	3	3	0.05	0.63

Homeowner Insurance

Homeowners Insurance combines (1) coverage against the insured's property being destroyed or damaged by various perils and (2) coverage for liability exposure of the insured.

Homeowners' policies cover both individuals as well as property. In addition to the insured, those covered include the policyholder's spouse and any others under 21 who are residents of the insured's household.

The basic coverages afforded under a Homeowner policy are:

- Coverage A: structure of the home
- Coverage B: other structures
- Coverage C: contents
- Coverage D: additional living expenses
- Coverage E: liability
- Coverage F: medical payments

Numerous endorsements can be added to the policy to increase the limits of coverage and the properties insured. For example, specific property such as jewelry and art can be added.

A Homeowner consumer complaint may involve a number of functional areas such as **Marketing & Sales**, **Policyholder Services** and **Claim Handling**. Thus, the numbers reflected in the analysis below are greater than the actual number of consumer complaints received.

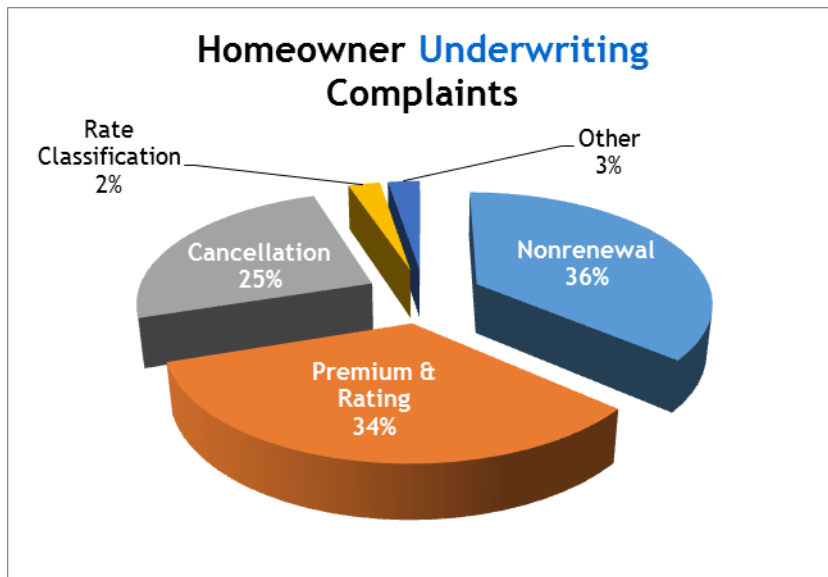
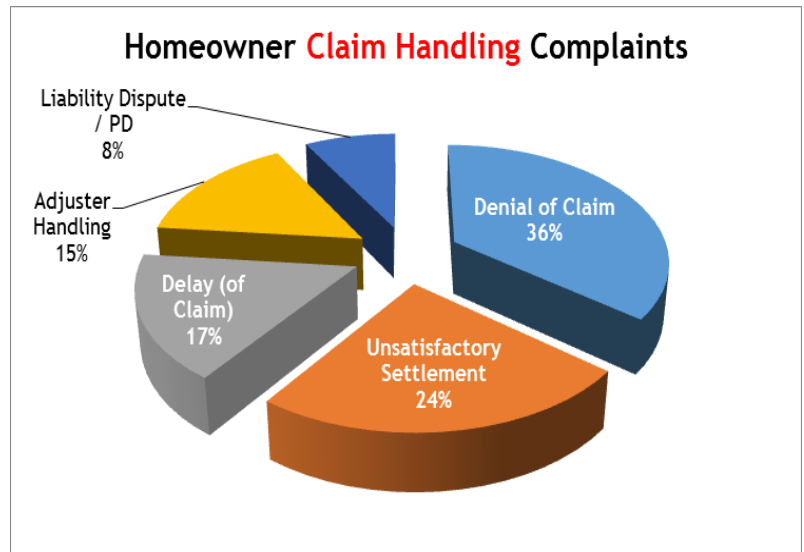
The chart below provides detail on the number and percent of complaints falling into each functional area. Overwhelmingly Homeowner complaints involve **Claim Handling** (63.5%) issues followed by **Underwriting** (25.7%). This report will take a closer look at the two top homeowner complaint functional areas.

Homeowner Insurance Quick Facts:	
✓	\$1.7B in Colorado Premium in 2013
✓	39 Carriers comprising 90% of the market
✓	664 closed complaints in FY 13-14
✓	38% confirmed complaints
✓	Average days to close: 69
✓	\$3,156,278 recovered

Homeowner Insurance		
	Number of Complaints	% of All
Claim Handling	492	63.5%
Underwriting	199	25.7%
Policyholder Services	60	7.7%
Marketing & Sales	24	3.1%
All Homeowner	775	

The chart to the right takes a closer look at the reasons behind homeowner **Claim Handling** complaints.

Denial of claim comprises 36% of all Homeowner **Claim Handling** complaints. This is followed by unsatisfactory settlement complaints with 24%. While the Division is often able to assist the consumer in recovering additional benefits under the policy, these types of complaints also include educating the consumer on their rights and responsibilities under the policy.



The chart to the left takes a closer look at the reasons behind homeowner **Underwriting** complaints.

Nonrenewal of Homeowner policies are the most frequent **Underwriting** complaint (36%), followed by Premium & Rating issues (34%).

With Colorado experiencing many catastrophic events such as hail and fire, many Homeowner insurers are modifying their underwriting criteria to take into consideration the higher risks these events present. Insurers may also require homeowners to take significant mitigating actions such as cutting trees and replacing roofs. If the homeowner is unable, or unwilling, to comply with company's underwriting requirements, the company may choose to non-renew the policy, increase the premium or exclude particular portions of the risk (such as roof replacement). The Division cannot force an insurer to renew a policy or offer coverage in particular geographical areas. The Division does ensure that any adverse **Underwriting** action is done in compliance with statutory obligations or policy provisions.

Year over year, Denial of Claim and Unsatisfactory Settlement Offer have remained the top complaint reasons, both in the **Claim Handling** functional area. Nonrenewal is the top **Underwriting** reason for the second year running. These reasons are expected given the number of catastrophic loss events over the last few years.

Top Ten Homeowner Insurance Complaint Reasons for FY 13-14					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Denial of claim (CH)	25%	26%	29%	20%	21%
Offer (CH)	16%	19%	18%	19%	14%
Claim Delay (CH)	9%	10%	10%	10%	10%
Nonrenewal (UW)	7%	5%	5%	9%	9%
Adjuster Handling (CH)	6%	8%	6%	6%	9%
Premium & Rating (UW)	5%	7%	6%	8%	8%
Cancellation (UW)	4%	2%	3%	2%	6%
Liability Dispute - Property Damage (CH)	*	*	4%	4%	5%
Other (UW)	*	2%	3%	3%	5%

Homeowner Insurance Complaint Reports

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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.

Homeowner Insurance							
Company Name	Industry Group	Market Share	Premium (\$Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
State Farm Fire and Casualty Company	State Farm II	21.49%	\$384.70M	80	27	0.21	0.60
American Family Mutual Insurance Company	American Family Ins Grp	9.26%	\$165.74M	92	27	0.56	1.61
Farmers Insurance Exchange (Farmers)	Zurich Ins Grp	6.67%	\$119.33M	39	11	0.33	0.95
Fire Insurance Exchange (Farmers)	Zurich Ins Grp	4.66%	\$83.34M	28	6	0.34	0.97
United Services Automobile Association (USAA)	United Services Automobile Asn Grp	4.42%	\$79.09M	7	3	0.09	0.26
Safeco Insurance Company of America	Safeco Ins Grp	3.72%	\$66.65M	32	7	0.48	1.39
USAA Casualty Insurance Company (USAA)	United Services Automobile Asn Grp	3.47%	\$62.18M	6	1	0.10	0.28
Allstate Fire and Casualty Insurance Company	Allstate Ins Grp	3.13%	\$56.06M	30	9	0.54	1.55
Travelers Home and Marine Insurance Company, The	St Paul Travelers Grp	2.81%	\$50.23M	14	3	0.28	0.81
Great Northern Insurance Company	Chubb & Son Inc	1.88%	\$33.66M	0	0	0.00	0.00
Allstate Insurance Company	Allstate Ins Grp	1.79%	\$32.10M	16	6	0.50	1.44
Colorado Farm Bureau Mutual Insurance Co		1.51%	\$27.02M	7	1	0.26	0.75
American Strategic Insurance Corporation	Arx Holding Corp Grp	1.40%	\$25.06M	9	3	0.36	1.04
Liberty Insurance Corporation (Liberty Mutual)	Liberty Mut Grp	1.32%	\$23.55M	17	7	0.72	2.09
Allstate Property and Casualty Insurance Company	Allstate Ins Grp	1.26%	\$22.49M	10	2	0.44	1.29
Property and Casualty Insurance Company of Hartford	Hartford Fire & Cas Grp	1.23%	\$21.98M	5	2	0.23	0.66
Standard Fire Insurance Company, The	St Paul Travelers Grp	1.19%	\$21.34M	3	0	0.14	0.41
Country Mutual Insurance Company	Country Ins & Financial Services Grp	1.17%	\$20.93M	2	0	0.10	0.28
Metropolitan Property and Casualty Insurance Company (MetLife)	Metropolitan Grp	1.14%	\$20.43M	5	2	0.24	0.71
Allstate Vehicle and Property Insurance Company	Allstate Ins Grp	1.07%	\$19.14M	5	2	0.26	0.76

Liability Insurance

There are many types of liability coverage available, including general liability, contractor's liability, medical malpractice, product liability and professional liability.

Forty four (44) of the forty seven (47) complaints closed by the Division in FY 13-14 (93%) involved General Liability insurance. General Liability insurance is a business insurance and covers an insured for negligent acts and/or omissions resulting in damages on the premises, when someone is injured as a result of using the product manufactured or distributed, or when someone is injured in the general operation of a business.

Two complaints involved personal umbrella policies. Umbrella insurance provides excess coverage over the limits of an underlying policy. The final complaint involved professional errors and omissions coverage. Errors and omissions insurance provides protection to professionals against allegations of negligent acts or omissions that result in damages.

Liability Insurance Quick Facts:

- ✓ Colorado Premium in 2013
 - Medical Mal - \$159M
 - Other Liability - \$981M
 - Prod Liability - \$68M
- ✓ Carriers comprising 90% of the market:
 - Medical Mal - 24
 - Other Liability - 156
 - Prod Liability - 58
- ✓ 47 closed complaints in FY 13-14
- ✓ 38% confirmed complaints
- ✓ Average days to close: 57
- ✓ \$56,206 dollars recovered

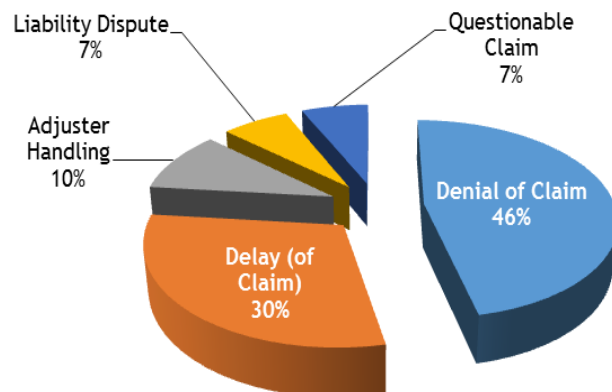
Liability Insurance		
Functional Area	Number of Complaints	% of All
Claim Handling	32	25.5%
Underwriting	12	21.8%
Policyholder Services	8	14.5%
Marketing & Sales	3	5.5%
All Liability	55	

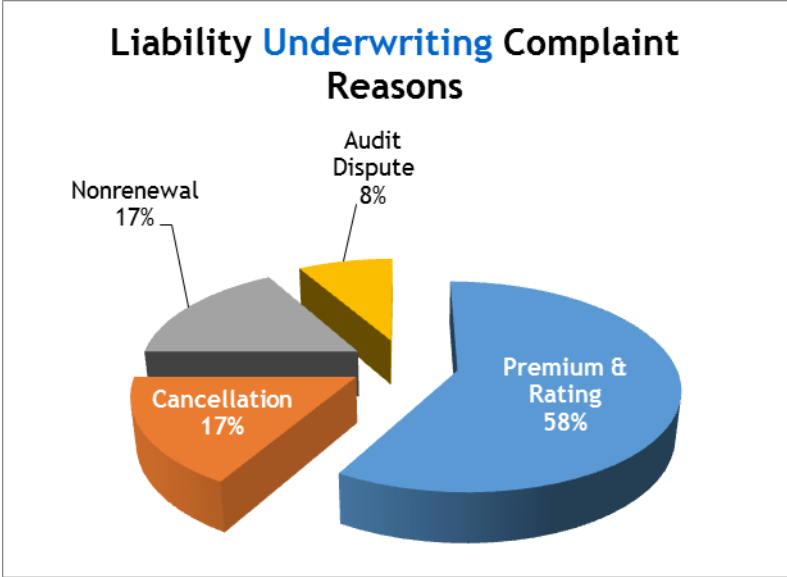
A consumer complaint may involve a number of functional areas such as Marketing & Sales, Policyholder Services and Claim Handling. Thus the numbers reflected in the analysis to the left are greater than the actual number of consumer complaints closed.

The chart to the right provides detail on the top five Claim Handling reasons.

The top two reasons involved Denial of Claims (46%) and Delay of Claim (30%). The Division does not have the regulatory authority to determine liability should be determined or how much a company should pay. The Division does assure that regulations and policy provisions are followed.

Liability Claim Handling Complaint Reasons





The chart to the left lists four complaint reasons for the **Underwriting** functional area.

Questions concerning Premium & Rating of the policies are overwhelmingly the largest percentage of liability complaints closed (58%). Cancellation and Nonrenewal are the next highest complaint reasons comprising 17% each of all complaints filed in the **Underwriting** functional area.

Denial and Delay of Claims comprise 42 percent of liability complaints, which is consistent with last fiscal year. The Division reviews liability complaints to ensure a company is conducting a reasonable investigation before denying a claim. Disputed liability and the application of negligence ultimately require a judicial determination. Generally, liability insurance covers defense costs and payment of a civil judgment entered against an insured.

Top Eight Liability Insurance Complaint Reasons for FY 13-14					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Denial of Claim (CH)	22%	26%	23%	26%	26%
Delay (CH)	15%	9%	11%	16%	16%
Premium & Rating (UW)	12%	8%	4%	4%	13%
Adjuster Not Responding (CH)	5%	4%	7%	7%	6%
Nonrenewal (UW)	*	*	*	9%	4%
Liability Dispute (CH)	3%	3%	3%	4%	4%
Cancellation (UW)	*	*	*	*	4%
Audit Dispute (UW)	*	*	*	*	2%

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

Life Insurance

Life insurance provides protection against the death of an individual in the form of payment to a beneficiary. In exchange for a series of premium payments, or a single premium payment, upon the death of an insured the face value (and any additional coverage attached to the policy), minus outstanding policy loans and interest, is paid to the beneficiary. The two most common types of life insurance purchased by individuals are *whole life* and *term*.

Whole life policies accumulate value over the life of the policy and this monetary value is available to the policy owner if the policy is surrendered.

Term insurance policies provide life insurance protection for a set number of years or for the “term” specified by the policy. The policy owner may be able to extend the policy for another “term”. However, as these policies do not accumulate a value, there are no funds available for refund to the policy owner at the end of the policy term or if the policy is surrendered.

A consumer’s life insurance complaint may involve a number of functional areas such as **Marketing & Sales**, **Policyholder Services** and **Claim Handling**. Thus the numbers reflected in the analysis below are greater than the actual number of consumer complaints received.

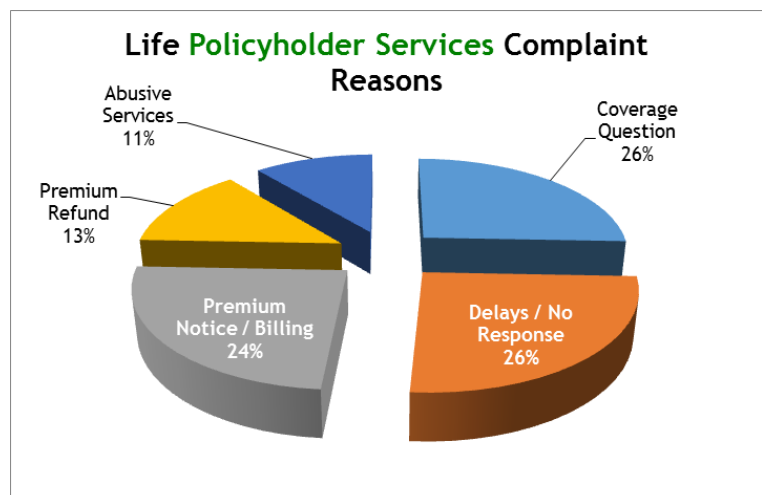
- Life Insurance Quick Facts:**

 - ✓ \$2.3B in Colorado Premium in 2013
 - ✓ 84 Carriers comprising 90% of the market
 - ✓ 144 closed complaints in FY 13-14
 - ✓ 33% confirmed complaints
 - ✓ Average days to close: 52
 - ✓ \$2,672,797 dollars recovered for Colorado consumers

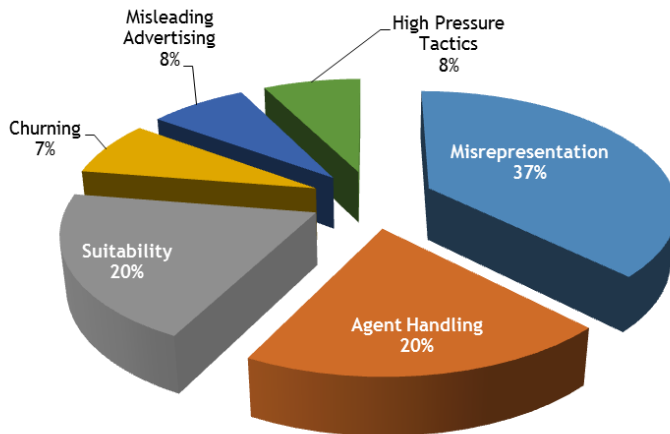
Life Insurance		
Functional Area	Number of Complaints	% of All
Policyholder Services	120	55.0%
Marketing & Sales	52	23.9%
Claim Handling	25	11.5%
Underwriting	21	9.6%
All Life	218	

More than half (55%) of all life insurance complaints closed in FY 13-14 involved the functional area of **Policyholder Services**. The **Marketing & Sales** area was the second highest in life complaints with 23.9%. This report takes a closer look at these functional areas.

In the functional area of **Policyholder Services**, Coverage Question and Delays/No Response each comprise 26% of all **Policyholder Services** complaints with Premium Notice/Billing issues rounding out the top three with 24%.



Life Marketing & Sales Complaint Reasons



As noted previously, the functional area of **Marketing & Sales** comprises almost 24% of all life insurance complaints.

Of those, Misrepresentation accounted for 37% of all life **Marketing & Sales** complaints closed in FY 13-14. Agent Handling and Suitability are the second leading reasons with 20% each.

Complaints involving Misrepresentation can be difficult for the Division to resolve in favor of the consumer as many involve conflicting recollections and statements made by the consumers and the agents who participated in the sale of the life insurance policy. The Division is more successful in cases where the consumer has retained written documentation demonstrating the incorrect or misleading statements made by the agent at the time of sale.

Top Ten Life Insurance Complaint Reasons for FY 13-14					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Coverage Question (PS)	*	*	7%	8%	10%
Delay (CH)	*	*	5%	5%	10%
Premium Notice & Billing (PS)	9%	8%	6%	9%	9%
Misrepresentation (MS)	12%	24%	9%	9%	7%
Premium Refund (PS)	5%	5%	8%	5%	5%
Agent Handling (MS)	6%	13%	4%	4%	4%
Abusive Practices (PS)	*	*	*	*	4%
Suitability (MS)	5%	4%	3%	5%	4%
Churning (MS)	*	*	*	*	2%
High Pressure Tactics (MS)	*	*	*	*	2%

The chart to the left provides a year-to-year comparison of Life complaint reasons.

Both Coverage Question and Delay complaints increased slightly this year while Churning and High Pressure Tactics entered the top ten reasons for the first time in this five-year period.

Life Insurance 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.colorado.gov/insurance> and clicking on "Consumer Information" and then on "Complaint Index & Reports".

The consumer complaint ratio illustrates how some companies generate more complaints per \$1 million of premium than others. 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.

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.

Life Insurance							
Company Name	Industry Group	Market Share	Premium (\$Millions)	Total Complaints	Confirmed Complaints	Complaint Ratio	Complaint Index
Northwestern Mutual Life Insurance Company, The	Northwestern Mut	9.52%	\$221.49M	1	1	0.00	0.06
New York Life Insurance Company	New York Life Grp	3.90%	\$90.78M	2	1	0.02	0.31
Metropolitan Life Insurance Company (MetLife)	Metropolitan Grp	3.84%	\$89.31M	6	1	0.07	0.95
State Farm Life Insurance Company	State Farm II	3.66%	\$85.10M	5	3	0.06	0.83
Lincoln National Life Insurance Company, The	Lincoln Natl	3.61%	\$83.90M	5	3	0.06	0.84
John Hancock Life Insurance Company (U.S.A.)	John Hancock Grp	3.27%	\$76.02M	1	1	0.01	0.19
Massachusetts Mutual Life Insurance Company	Mass Mut L I C	2.88%	\$66.98M	1	0	0.01	0.21
Prudential Insurance Company of America, The	Prudential Of Amer	2.87%	\$66.74M	5	3	0.07	1.06
Pacific Life Insurance Company	Pacific Life Ins Co	2.57%	\$59.73M	0	0	0.00	0.00
Minnesota Life Insurance Company	Minnesota Mut	2.18%	\$50.79M	5	3	0.10	1.39
Pruco Life Insurance Company	Prudential Of Amer	2.10%	\$48.84M	0	0	0.00	0.00
American General Life Insurance Company (AIG)	American Intrnl Grp	1.81%	\$42.17M	7	4	0.17	2.34
Transamerica Life Insurance Company	Aegon Us Holding Grp	1.71%	\$39.68M	6	5	0.15	2.13
Thrivent Financial for Lutherans	Thrivent Financial For Lutherans	1.66%	\$38.57M	1	1	0.03	0.37

Guardian Life Insurance Company of America, The	Guardian Life Grp	1.61%	\$37.53M	2	0	0.05	0.75
Hartford Life and Annuity Insurance Company	Hartford Fire & Cas Grp	1.52%	\$35.46M	3	2	0.08	1.19
Farmers New World Life Insurance Company (Farmers)	Zurich Ins Grp	1.48%	\$34.44M	2	1	0.06	0.82
Protective Life Insurance Company	Protective Life Ins Grp	1.47%	\$34.31M	0	0	0.00	0.00
Life Insurance Company of North America	Cigna Health Grp	1.46%	\$33.95M	0	0	0.00	0.00
ReliaStar Life Insurance Company	Ing America Ins Holding Grp	1.41%	\$32.92M	0	0	0.00	0.00

Title Insurance

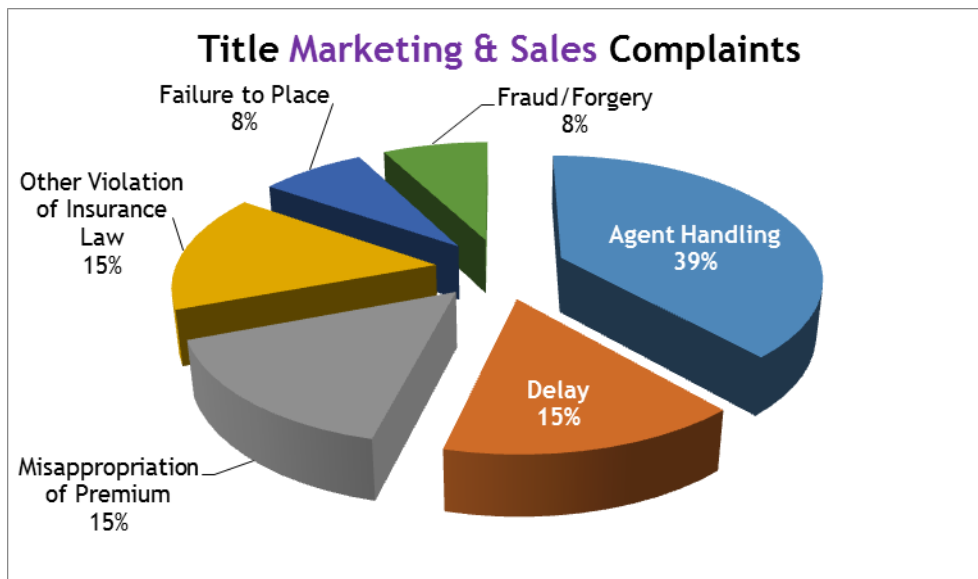
Title insurance provides coverage for defects in the title to house, building or other property. Title insurance is unique in that it covers losses due to past events as opposed to other lines of insurance, which insure for future events. Title insurance is purchased at the time a home or building is purchased or refinanced (lender's policy).

A consumer complaint may involve a number of functional areas such as **Marketing & Sales**, **Policyholder Services** and **Claim Handling**. Thus, the numbers reflected in the analysis below are greater than the actual number of consumer complaints closed.

Title Quick Facts:	
✓	\$320M in Colorado Premium in 2013
✓	9 Carriers comprising 90% of the market
✓	20 closed complaints in FY 13-14
✓	15% confirmed complaints
✓	\$90,542 dollars recovered for Colorado consumers

The chart below provides detail on the number and percent of title complaints falling into each functional area. **Marketing & Sales** and **Claim Handling** lead as the most frequent functional areas receiving complaints. The following two charts focus on each of the top two functional areas.

Title Insurance		
Functional Area	Number of Complaints	% of All
Marketing & Sales	13	56.5%
Claim Handling	7	30.4%
Policyholder Services	3	13.0%
All Title	23	

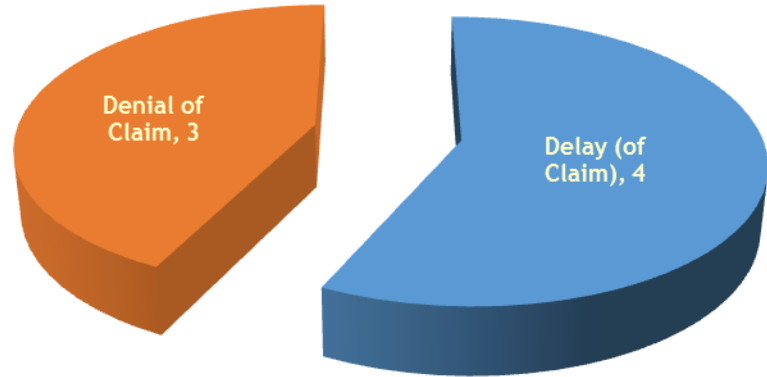


Agent Handling (39%) was the most frequent reason in the **Marketing & Sales** functional area followed by Delay, Other Violations of Law and Misappropriation of Premium with 15% each.

Title **Claim Handling** Complaints

Due to the few number of Title insurance complaints received FY 13-14, the **Claim Handling** complaints chart to the right lists the number of complaints rather than a percentage.

Title complaints decreased this year in comparison to FY 12-13.



Top Ten Title Insurance Complaint Reasons for FY 13-14					
	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Agent Handling (MS)	*	10%	22%	51%	22%
Delay of Claim (CH)	21%	10%	14%	11%	17%
Denial of Claim (CH)	15%	26%	8%	9%	13%
Delay (MS)	*	*	8%	19%	9%
Misappropriations (MS)	*	*	*	2%	9%
Other Violation of Law (MS)	*	*	*	*	9%
Failure to Place (MS)	*	*	*	*	4%
Fraud/Forgery (MS)	*	*	*	*	4%
Adjuster Not Responding (CH)	*	6%	4%	4%	*
Fiduciary (MS)	13%	4%	18%	2%	*

Since title insurance is unique the complaints do not always fit into the coding scheme of other lines of insurance. This is evident in that three new categories of complaint reasons were added this FY 13-14, Other Violation of Law, Failure to Place and Fraud/Forgery. Agent Handling has decreased this year while Delay of Claim and Denial of Claim have increased.

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

2013 Complaint Ratio and Complaint Index Reports

For this year, we have included the 2013 Complaint Ratio and Complaint Index reports for the major lines of insurance - annuity, auto, health, homeowners, and life insurance. The complete online and interactive 2013 Complaint Ratio and Complaint Index Reports are available on the Division's website at <http://www.dora.colorado.gov/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 2013 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.colorado.gov/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 www.dora.colorado.gov/insurancecomplaints. You can find whether an insurance company or producer (agent or broker) is licensed to conduct business in Colorado through <http://www.dora.colorado.gov/insurance> and use the "Find a licensed company or producer (agent)" tool in the Quick Links.

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.



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance