



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

Marguerite Salazar
Commissioner of Insurance

October 1, 2016

Dear Committee Members,

The Division of Insurance is pleased to submit this Annual Report of the Commissioner of Insurance on Complaints Against Insurers for Fiscal Year 2015-2016. Submitted pursuant to § 10-16-128, C.R.S., this report provides data and analysis of the previous fiscal year and one prior year of trends in consumer complaints received by the Division. The report includes information on the types of insurance most commonly sold to consumers: annuity, automobile, health, homeowners, liability, life, and title insurance.

The intent of the report is to provide clear and concise information concerning the number and nature of consumer complaints. More information regarding complaints, including the Complaint Ratios and Indices of insurers, is available on the Brochures/Reports page of 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 provides insight into one of the ways we approach this mission and demonstrates the number and nature of the consumer complaints the Division has investigated and resolved this past fiscal year. With over \$8,000,000.00 in consumer recoveries, this report illustrates the importance and value of our consumer protection work.

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

Regards,

Marguerite Salazar
Commissioner of Insurance





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**Annual Report
on
Complaints Against Insurers**

Fiscal Year 2015-2016

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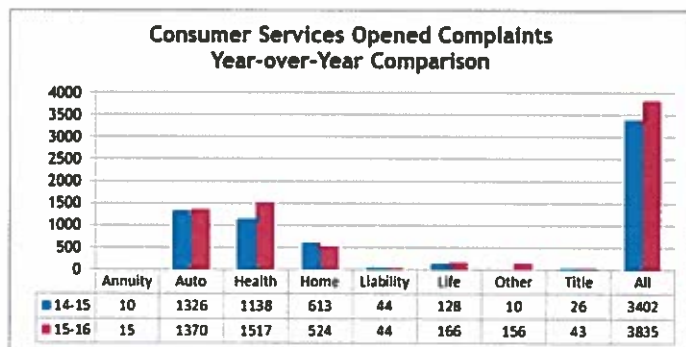
Complaints Against Insurers for the Fiscal Year 2015-2016

Colorado law at 5 10-16-128, C.R.S., requires the Commissioner of Insurance to present an annual report on the number, nature, and outcome of complaints against insurers during the preceding twelve months to the House of Representatives Business Affairs and Labor Committee and the Senate Business, Labor and Technology Committee of the General Assembly. The following information complies with this requirement.

Number of complaints against insurers opened in FY 15-16

The total number of complaints *opened* by the Consumer Services Section of the Division of Insurance (Division) increased by 11.3% in FY 15-16 when compared to FY 14-15.

The Life & Health (L&H) Consumer Services Section of the Division investigates complaints relating to Health insurance, Life insurance and Annuities. Overall, the L&H section opened 24.9% more complaints in FY 15-16 when compared to FY 14-15. Health Insurance complaints increased 25.0%, Life insurance by 22.9% and Annuities by 33.3%.



The Property Casualty & Title (PC&T) Consumer Services Section of the Division investigates complaints relating to Automobile, Homeowner, Liability and Title insurance. Overall, the PC&T section opened 0.51% more complaints in FY 15-16 when compared to FY 14-15. Two insurance types experienced increases: Auto by 3.2% and Title by 39.5%. The number of Homeowner related complaints opened declined by 17.0% and Liability remained the same.

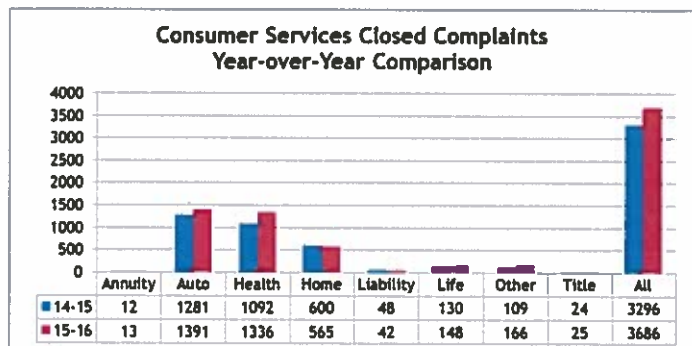
PC&T also handles complaints falling into an "Other" category. There are thirteen (13) types of insurance in this category: Commercial Multi-Peril, Travel, Warranty/Service Contracts, Fire/Allied Lines, Dwelling Fire, Federal Flood, Pet and Inland Marine insurance. The total of Other insurance complaints opened in FY 15-16 increased by 34.3% this past fiscal year.

Number of complaints against insurers closed in FY 15-16

The total number of complaints *closed* by the Consumer Services Section of the Division increased by 10.6% in FY 15-16 when compared to FY 14-15.

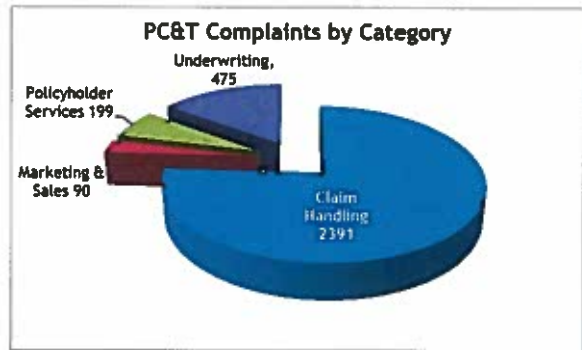
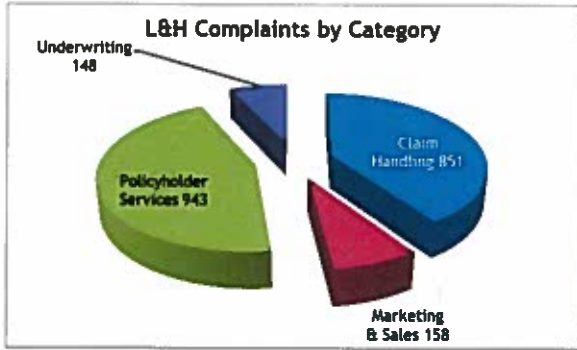
L&H closed 17.6% more complaints this fiscal year. Health Insurance complaints increased 18.3%, Life insurance by 12.2% and Annuities by 7.7%.

PC&T closed 5.8% more complaints this fiscal year. Three insurance types experienced increases: Auto by 7.9%, Other by 34.3% and Title by 4.0%. Two insurance types experienced reductions: Homeowner complaints decreased by 6.2% and Liability by 14.3%.

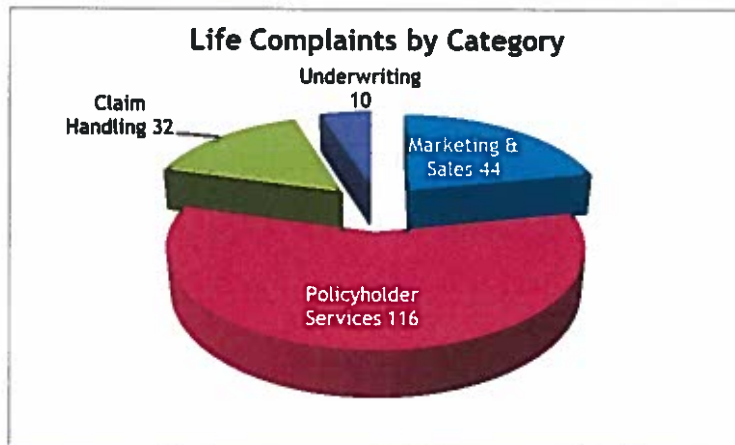
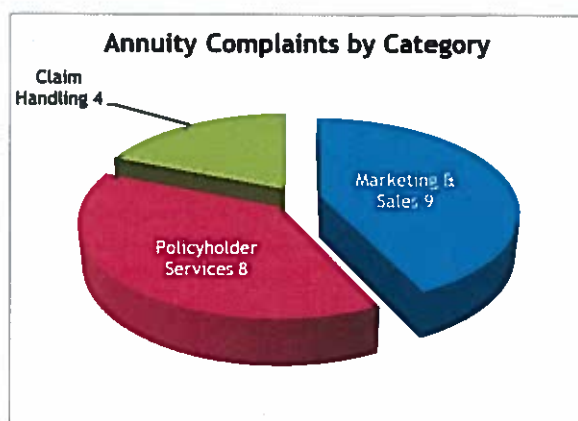
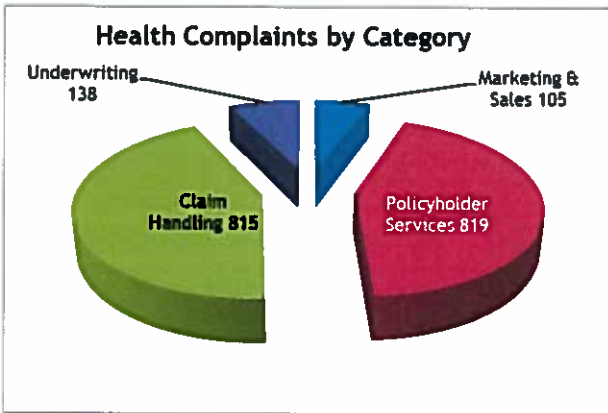


Nature of complaints against insurers closed during FY 15-16

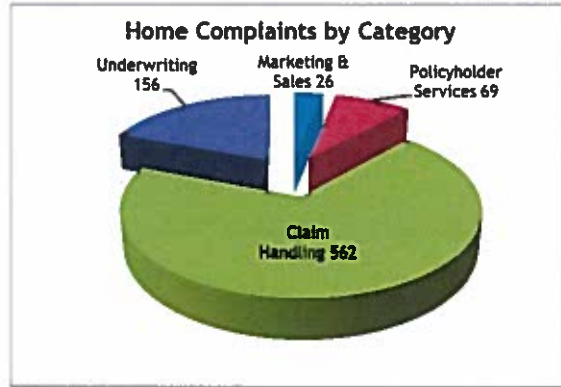
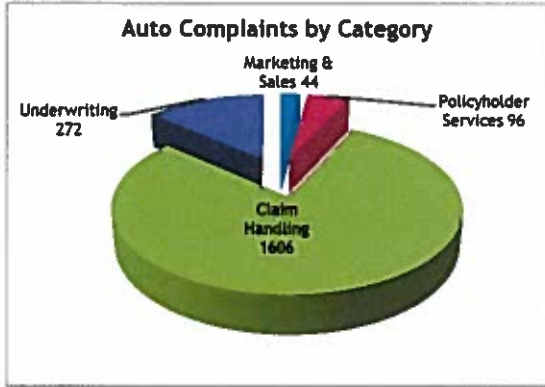
The Division categorizes complaints into four complaint categories: Claim Handling, Marketing & Sales, Policyholder Services, and Underwriting. One complaint may fall within more than one functional area. The charts below provide the number of complaints, by category, by section:



The following charts provide additional information on the number of L&H complaints by coverage type and complaint category.



The following charts provide additional information on the number of PC&T complaints by coverage type and complaint category.



Complaint reasons by insurance type, category and reason:

In addition to the four complaint categories explained and illustrated above, the Division assigns more detailed reason codes to each complaint. One complaint may have multiple reason codes.

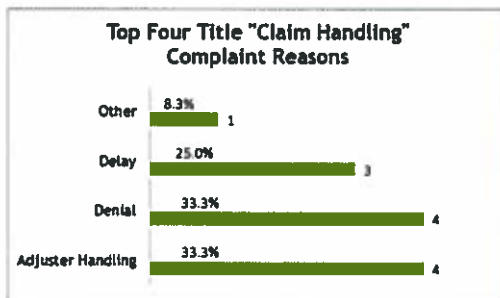
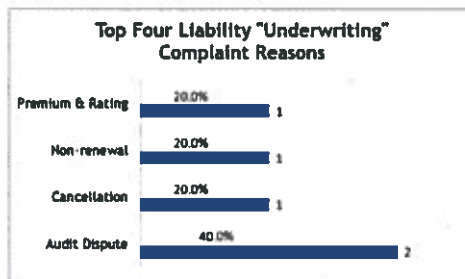
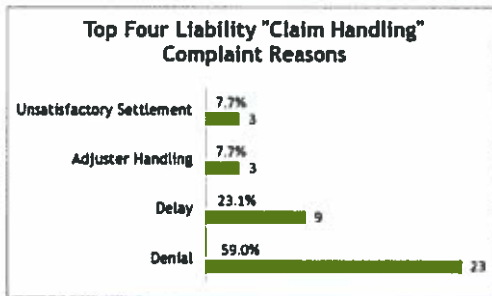
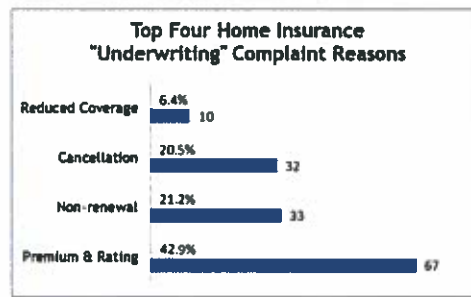
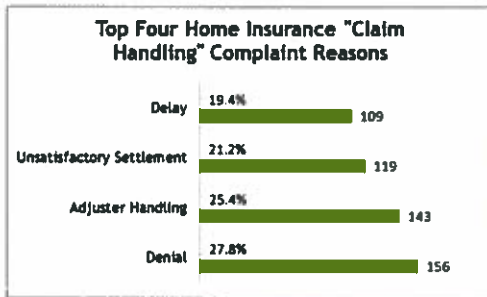
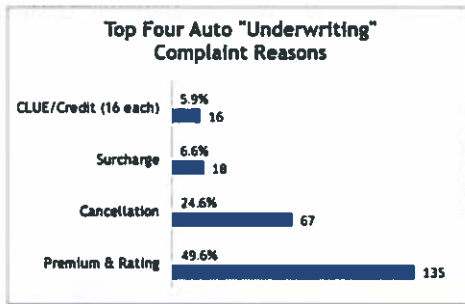
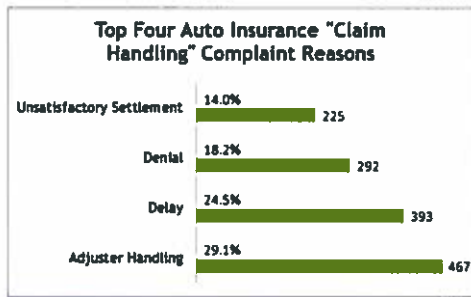
The charts below provide numeric detail for the top four complaint reasons for the top two categories for each L&H insurance type. The percentage displayed is that reason's portion of all reasons for that particular category:



For more information regarding Life and Health complaint trends, please visit the Division's website at www.dora.colorado.gov/insurance



The charts below provide numeric detail for the top four complaint reasons for the top two categories for each PC&T insurance type. The percentage displayed is that reason's portion of all reasons for that particular category:

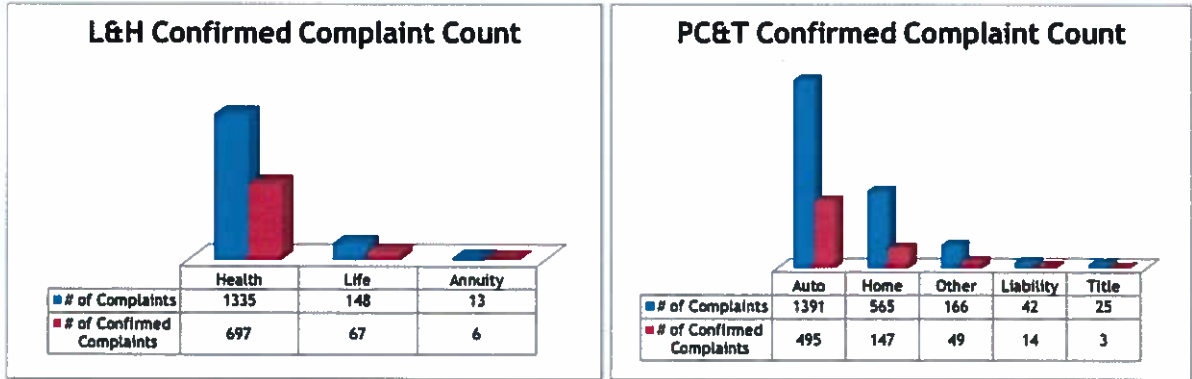


For more information regarding Property & Casualty complaint trends, please visit the Division's website at www.dora.colorado.gov/insurance

Outcomes: Confirmed Complaints

A confirmed complaint is one in which the Division determined that the consumer’s allegation against the company had merit.

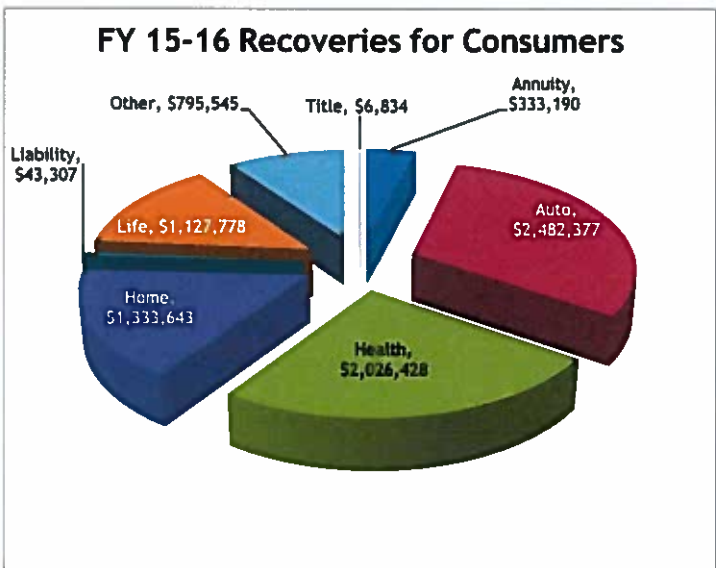
Overall, in FY 15-16, the Division found consumers’ complaints confirmed, and the company in violation of law or policy provisions, 40% of the time. L&H confirmed rate was 51% and P&C was 32%.



Outcomes: Recoveries for Consumers

Consumer Services’ 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 policy benefits or other refunds due to the consumer.

In FY 15-16, the Division recovered \$8,149,102.40 for Colorado consumers, an increase of \$712,551.00 when compared to FY 14-15. L&H recovered \$3,487,395.60 and PC&T \$4,661,706.80. The following chart provides the amount of recoveries by insurance type.



Although no dollar value is calculated for Division intervention that results in the reinstatement of coverage after cancellation, or reversal of policy non-renewals, the Division’s assistance in these insurance matters provides an invaluable service to Colorado consumers.