



COLORADO

Department of
Regulatory Agencies

Division of Insurance

Marguerite Salazar
Commissioner of Insurance

October 1, 2017

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 2016-2017. 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 past complaint reports, Complaint Ratios, and Indices of insurers, are available on the "Get Informed" section 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 \$8.5 million dollars 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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Division of Insurance

Annual Report
on
Complaints Against Insurers

Fiscal Year 2016-2017

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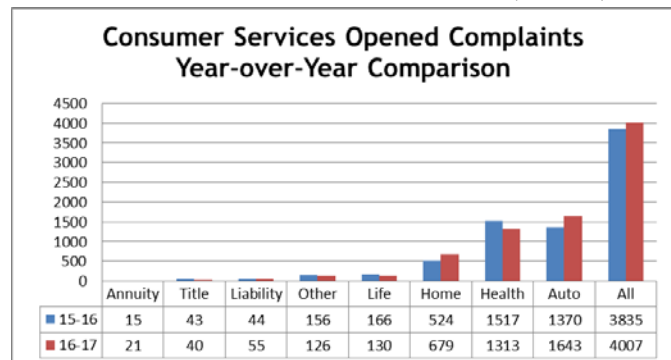
Complaints Against Insurers for the Fiscal Year 2016-2017

Colorado law at § 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 16-17

The total number of complaints *opened* by the Consumer Services Section of the Division of Insurance (Division) increased by 4.2% in FY 16-17 when compared to FY 15-16.

The Life & Health (L&H) Consumer Services Section investigates complaints relating to Health insurance, Life insurance and Annuities. Overall, L&H opened 16.1% fewer complaints in FY 16-17 when compared to FY 15-16. Health insurance complaints decreased 15.5%, Life insurance complaints decreased by 28.6%, and Annuities increased by 28.6%.



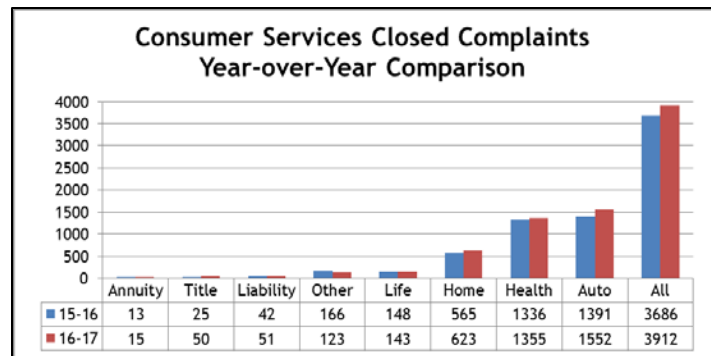
The Property & Casualty (P&C) Consumer Services Section investigates complaints relating to Automobile, Homeowner, Liability and Title insurance. Overall, P&C opened 15.9% more complaints in FY 16-17 when compared to FY 15-16. Three insurance types experienced increases: Auto by 16.6%, Home by 22.8%, and Liability by 20.0%. The number of Title complaints opened declined by 7.5%.

P&C 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 16-17 decreased by 23.8% this past fiscal year.

Number of complaints against insurers *closed* in FY 16-17

The total number of complaints *closed* by the Division’s Consumer Services Section increased by 5.8% in FY 16-17 when compared to FY 15-16.

L&H closed 1.1% more complaints this fiscal year. Health insurance complaints increased 1.4% and Annuity complaints increased by 13.3%. Closed complaints involving Life insurance declined by 3.5%.

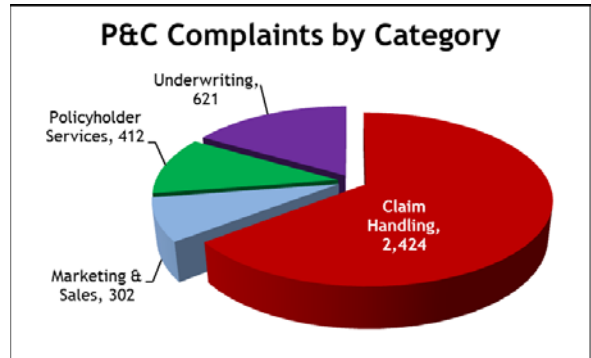
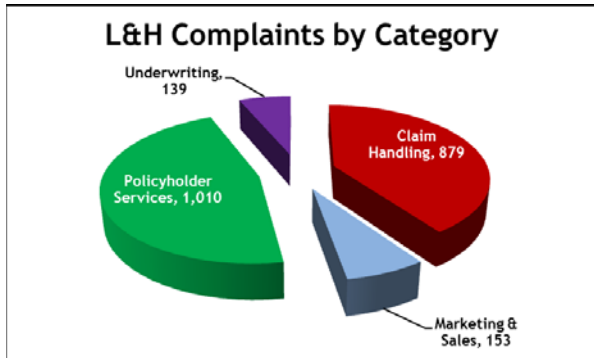


P&C closed 8.8% more complaints this fiscal year. All but one insurance type experienced increases: Auto increased by 10.4%, Home by 9.3%, Liability by 17.7%, and Title by 50%. Only closed complaints in the “Other” category decreased, declining by 35%.

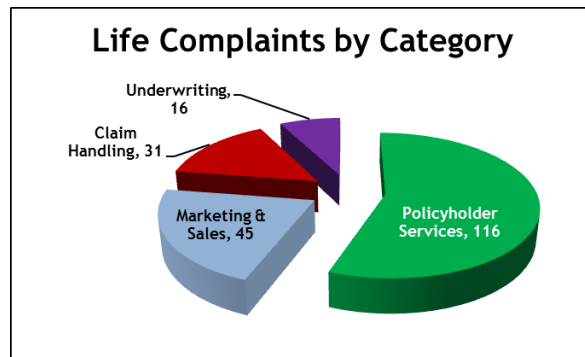
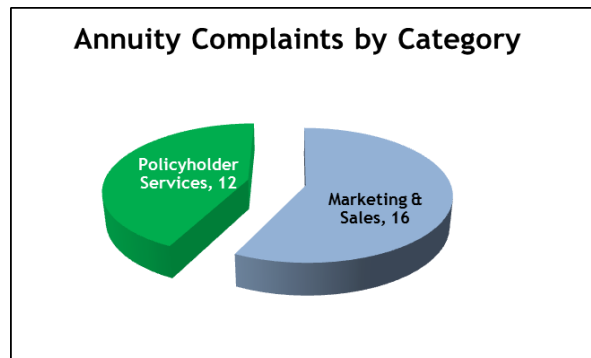
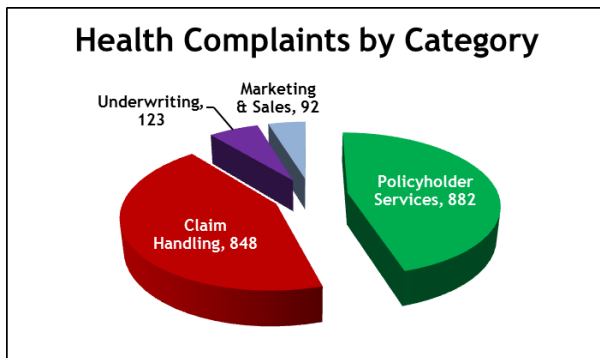


Nature of complaints against insurers closed during FY 16-17

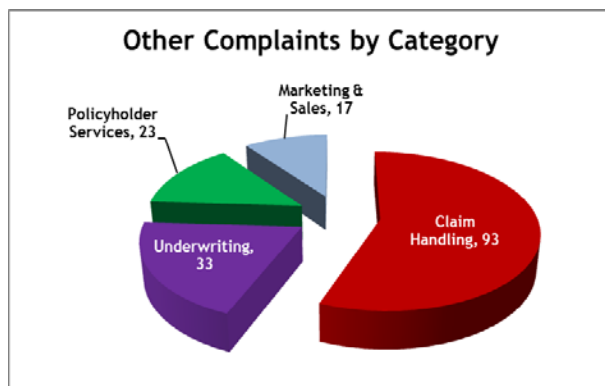
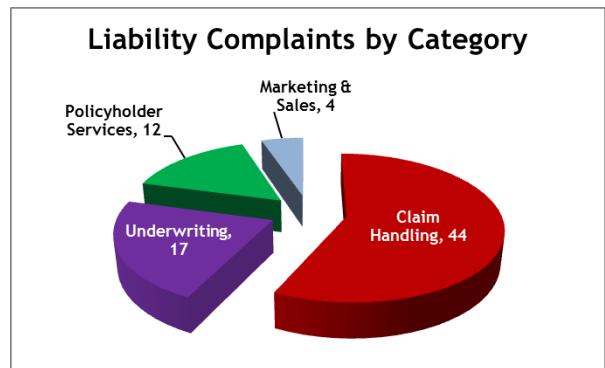
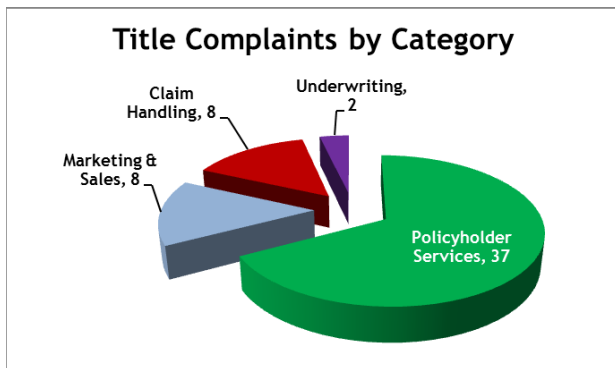
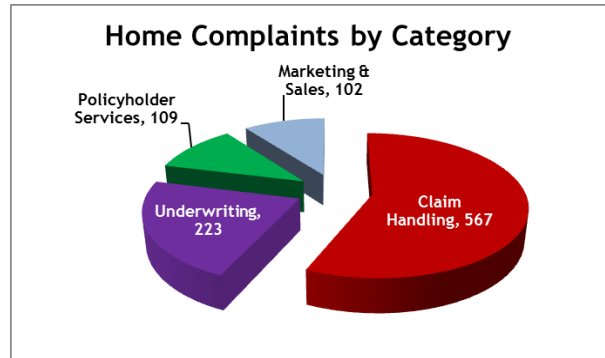
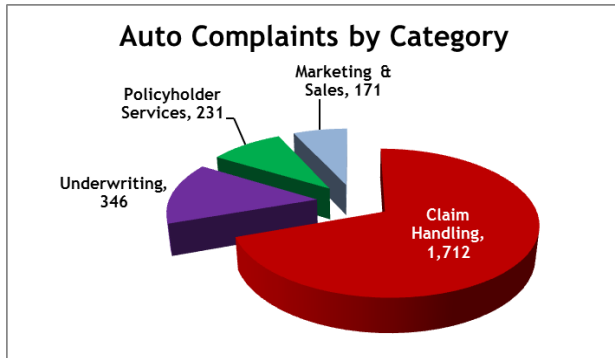
The Division categorizes complaints into four complaint categories: Claim Handling, Marketing & Sales, Policyholder Services, and Underwriting. One complaint may fall within more than one functional area. The charts below provide the number of complaints, by category, by section:



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



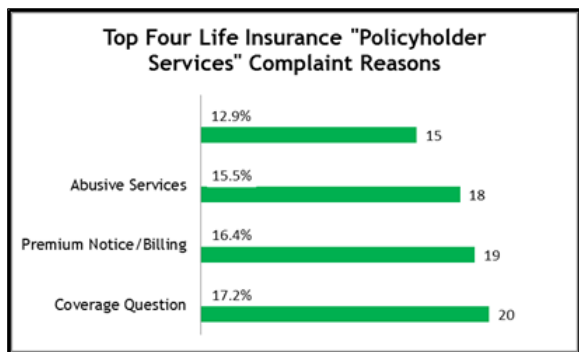
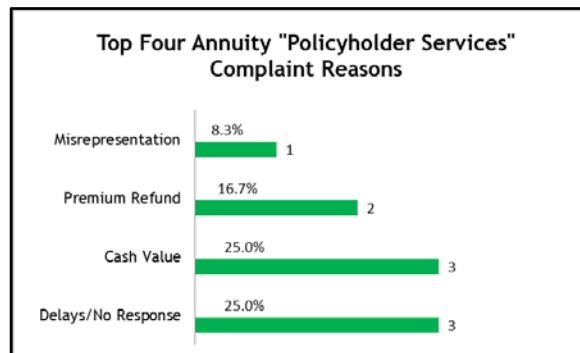
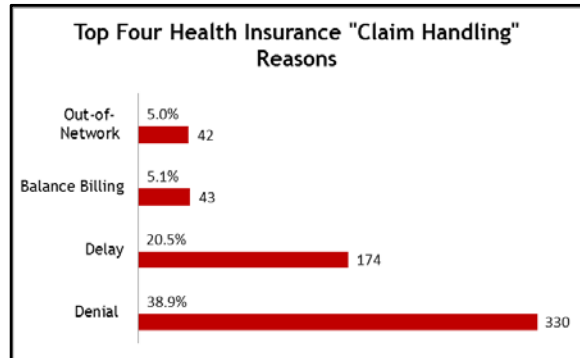
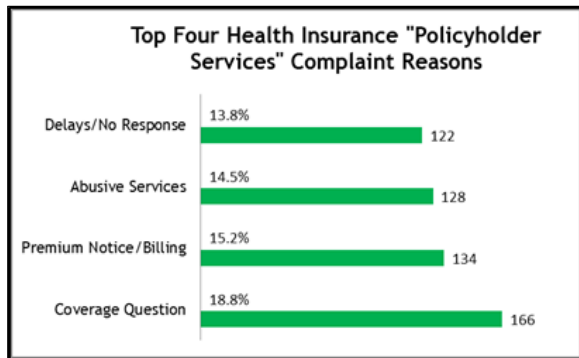
The following charts provide additional information on the number of P&C complaints by coverage type and complaint category.



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.

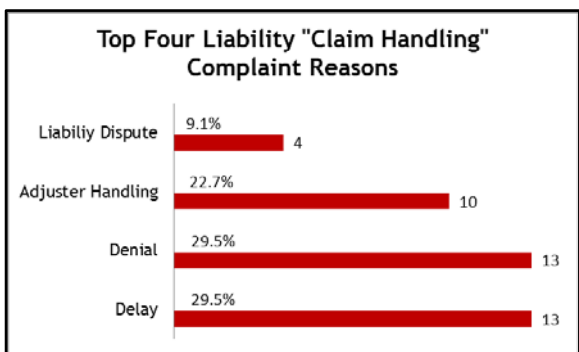
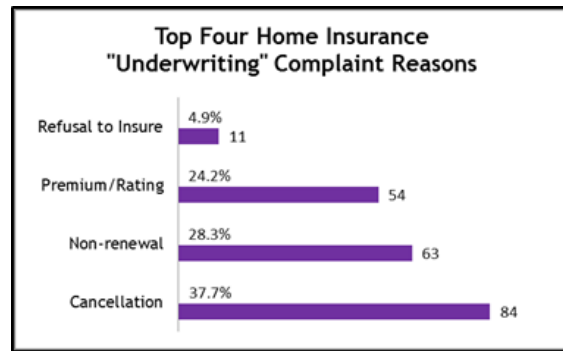
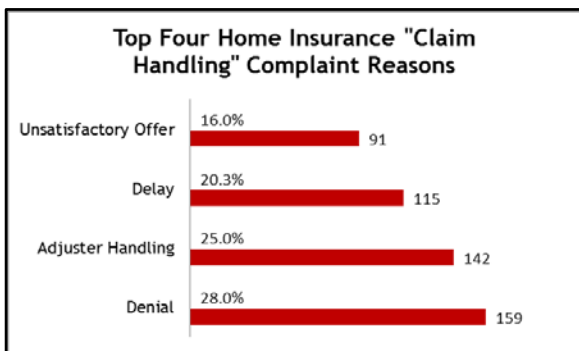
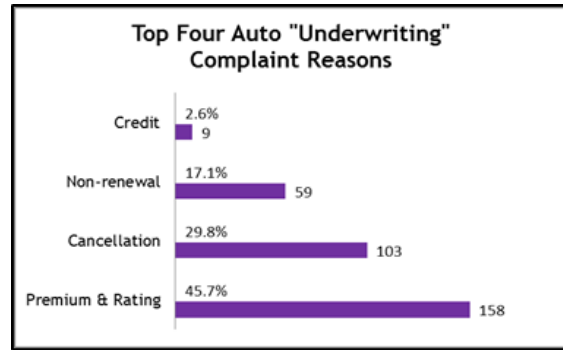
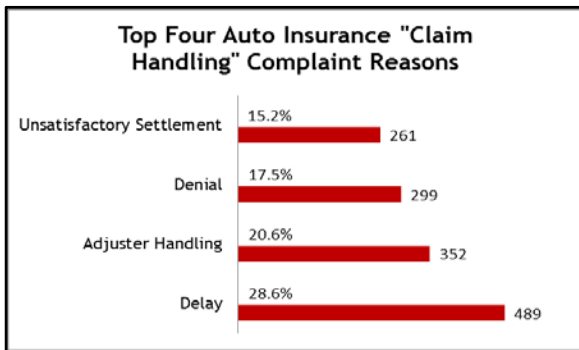
The charts below provide numeric detail for the top four complaint reasons for the top two categories for each L&H insurance type. The percentage displayed is that reason's portion of all reasons for that particular category:



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 P&C insurance type. The percentage displayed is that reason's portion of all reasons for that particular category:



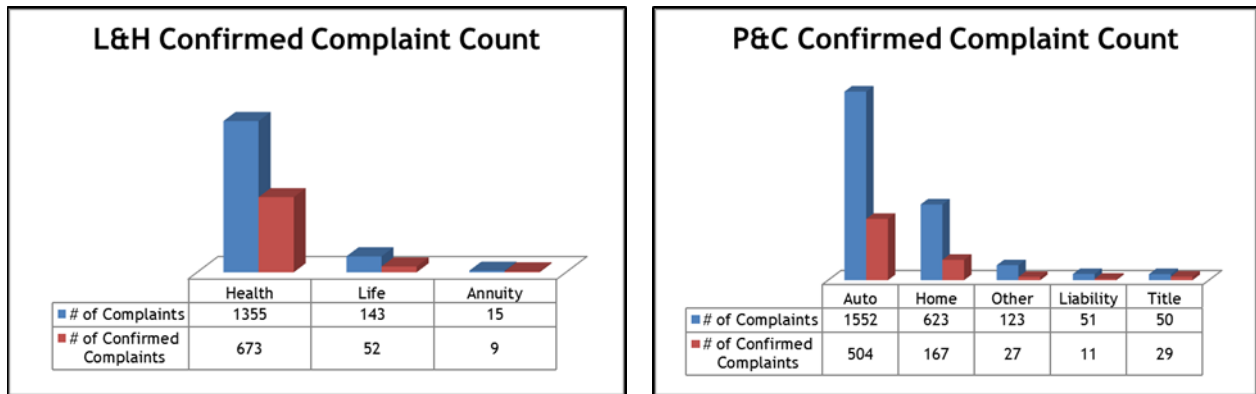
For more information regarding Property & Casualty complaint trends, please visit the Division's website at www.dora.colorado.gov/insurance



Outcomes: Confirmed Complaints

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

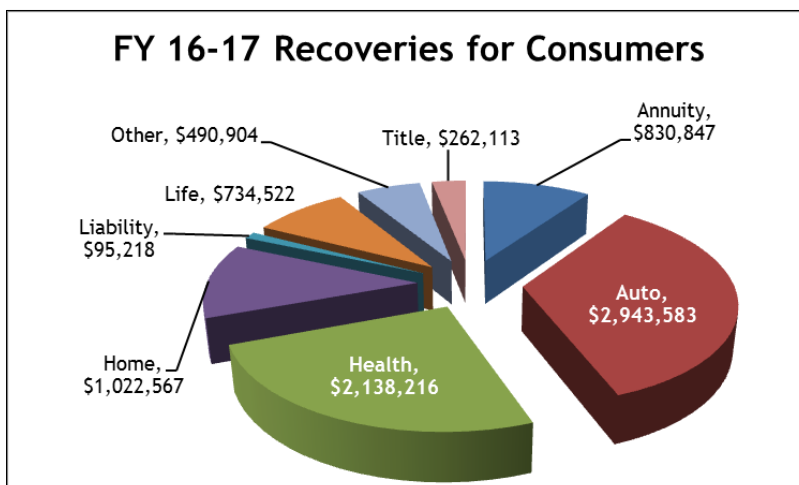
Overall, in FY 16-17, the Division found consumers' complaints confirmed, and the company in violation of law or policy provisions, 38% of the time. The L&H confirmed rate was 48.5% and the P&C was 30.8%.



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 16-17, the Division recovered \$8,517,970 for Colorado consumers, an increase of \$368,868 when compared to FY 15-16. L&H recovered \$3,703,585 and P&C \$4,814,385. 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.