



COLORADO

**Department of
Regulatory Agencies**

Division of Insurance

Annual Report
on
Complaints Against Insurers

Fiscal Year 2018-2019

October 1, 2019



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**Department of
Regulatory Agencies**

Division of Insurance

Michael Conway
Commissioner of Insurance

October 1, 2019

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 2018-2019. 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 complaint 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 \$7.5 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,

Michael Conway
Commissioner of Insurance





Complaints Against Insurers for the Fiscal Year 2018-2019

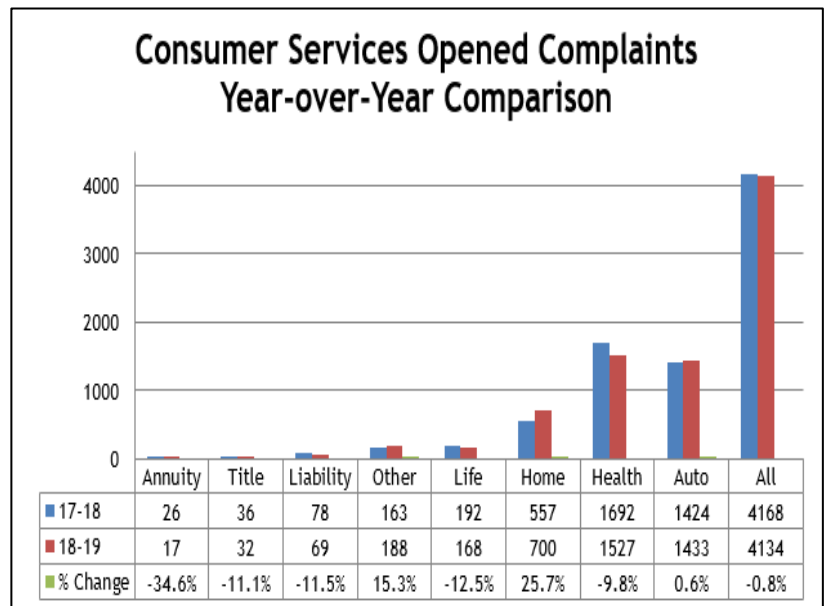
Colorado law at § 10-16-128, C.R.S., requires the Commissioner of Insurance to present an annual report on the number, nature, and outcome of complaints against insurers during the preceding twelve months to the House of Representatives Business Affairs and Labor Committee and the Senate Business, Labor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

Number of complaints against insurers opened in FY 18-19

The total number of complaints* **opened** by the Consumer Services Section of the Division of Insurance (Division) decreased by 0.8% in FY 18-19 when compared to FY 17-18, from 4,168 to 4,134.

The Life & Health (L&H) Section investigates complaints relating to Health insurance, Life insurance and Annuities. Overall, L&H opened 10.4% fewer complaints in FY 18-19 when compared to FY 17-18. Health insurance complaints opened decreased 9.8% and Annuity complaints by 34.6%. Life insurance complaints opened decreased 12.5%, from 192 in FY 17-18 to 168 in FY 18-19.

The Property, Casualty & Title (PC&T) Section investigates complaints relating to Automobile, Homeowner, Liability and Title insurance. Overall, PC&T opened 7.3% more complaints in FY 18-19 when compared to FY 17-18, from 2,258 to 2,422. Auto complaints opened increased by 0.6%, Home complaints increased by 25.7%, and Other** by 15.3%. The number of Liability complaints opened decreased by 11.5%, and Title complaints opened decreased by 11.1%.



* “Complaint” means any written communication primarily expressing a grievance; therefore, written complaints coded as “inquiries” for internal reporting purposes are included in the FY 18-19 statistics, but were not included in previous years’ statistics.

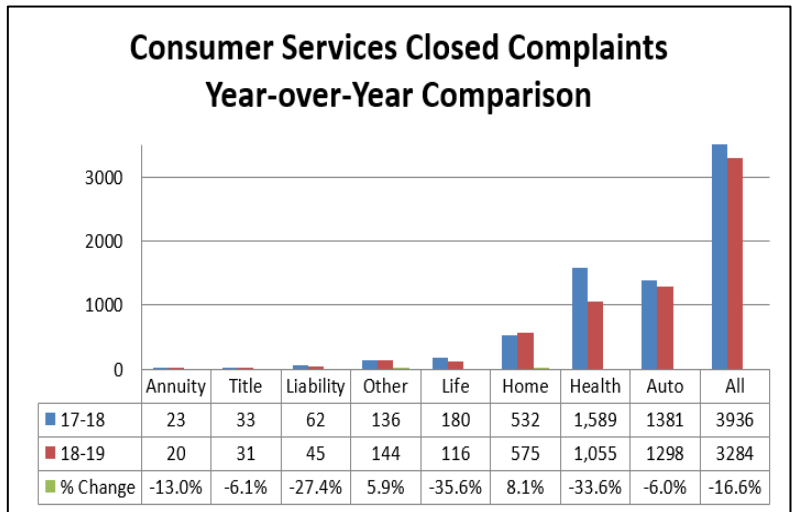
** The Other category of insurance is comprised of (13) types of insurance, including: Commercial Multi-Peril, Dwelling Fire, Federal Flood, Fire/Allied Lines, Pet, Travel, and Workers’ Compensation insurance.

Number of complaints against insurers closed in FY 18-19

The total number of complaints *closed* by the Division’s Consumer Services Section decreased by 16.6% in FY 18-19 when compared to FY 17-18, from 3,936 to 3,284.

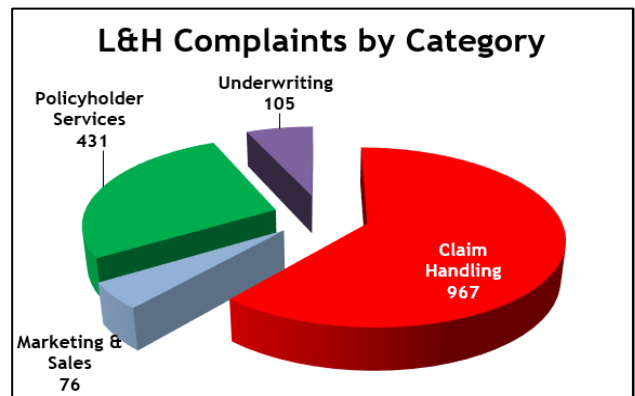
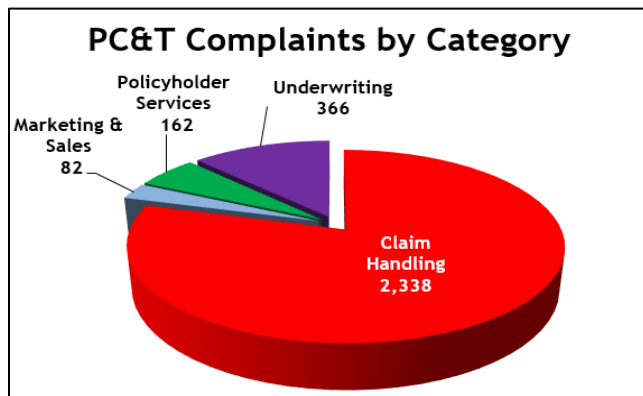
L&H closed 33.5% fewer complaints this fiscal year. Health insurance complaint closures decreased 33.6% and Life insurance complaint closures decreased by 35.6%. The number of Annuity complaints closed decreased by 13.0%, from 23 in FY 17-18 to 20 in FY 18-19.

PC&T closed 2.4% fewer complaints this fiscal year. Home complaint closures increased by 8.1%. Auto complaint closures decreased by 6.0%, Title by 6.1%, and Liability by 27.4%. The “Other” category increased by 5.9%, from 136 in FY 17-18 to 144 in FY 18-19.

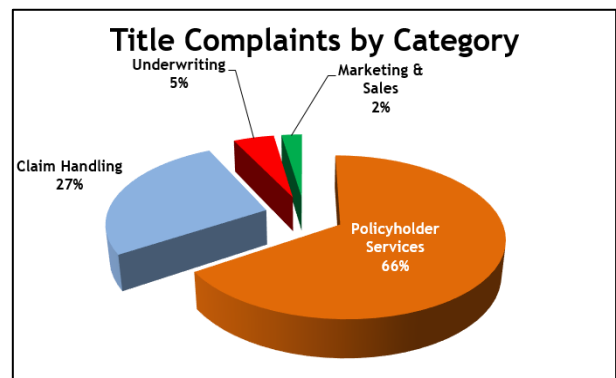
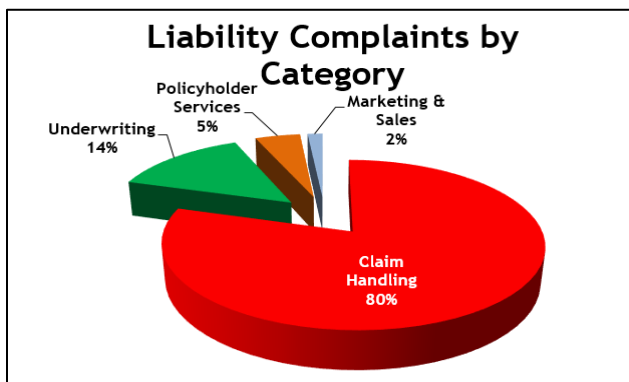
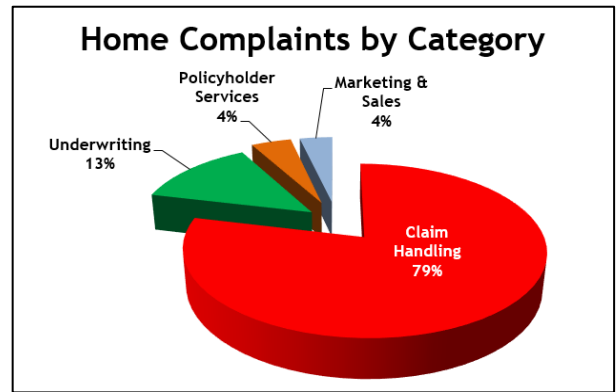
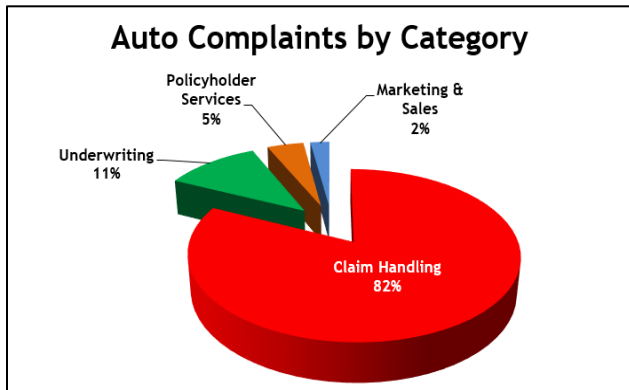


Nature of complaints against insurers closed during FY 18-19

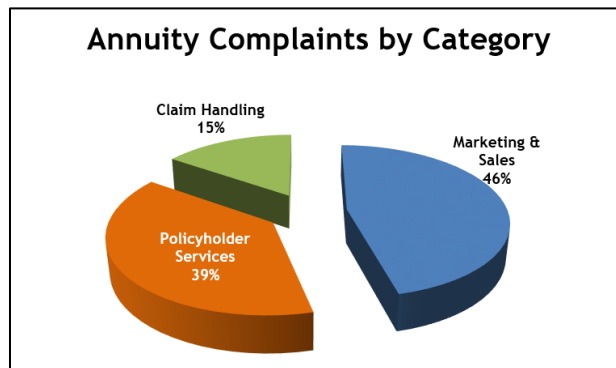
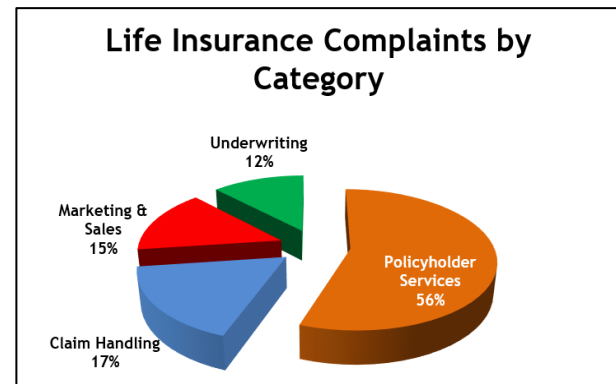
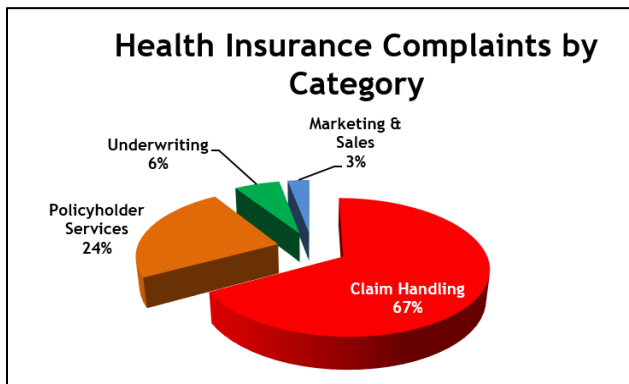
The Division categorizes complaints into four complaint categories: Claim Handling, Marketing & Sales, Policyholder Services, and Underwriting. One complaint may have more than one category. The following two charts provide the number of all complaints by category and section:



The following charts provide information on the percentage of PC&T complaints by coverage type and category:



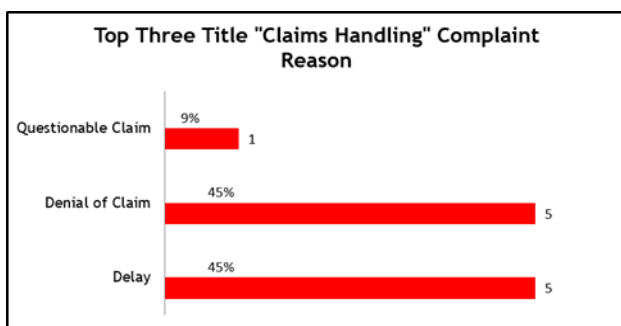
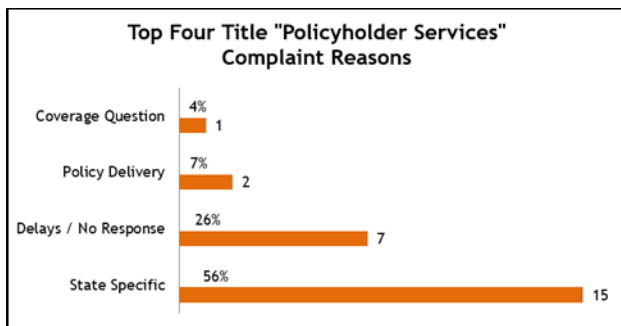
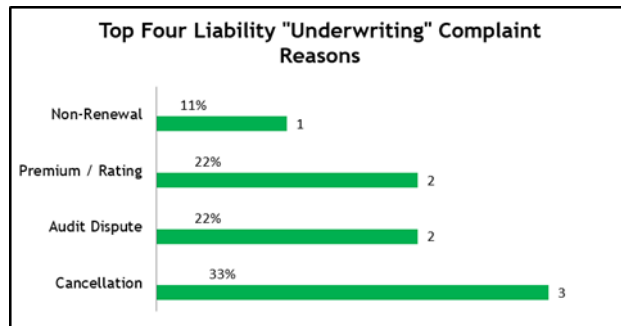
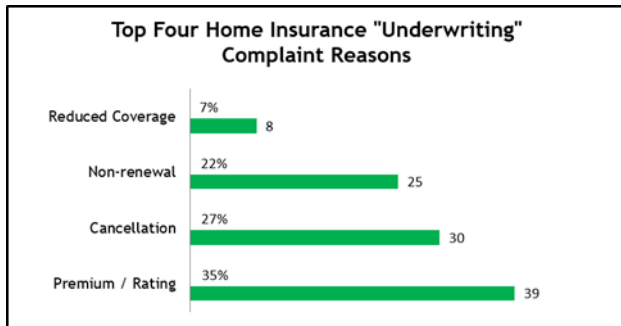
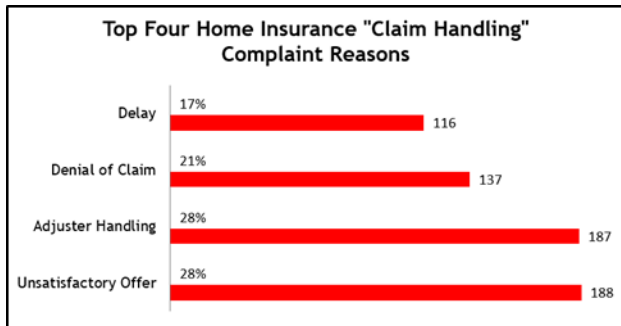
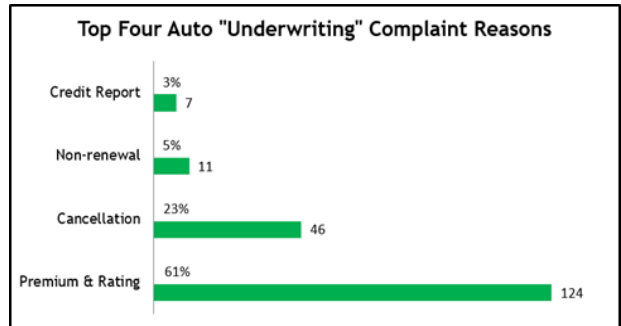
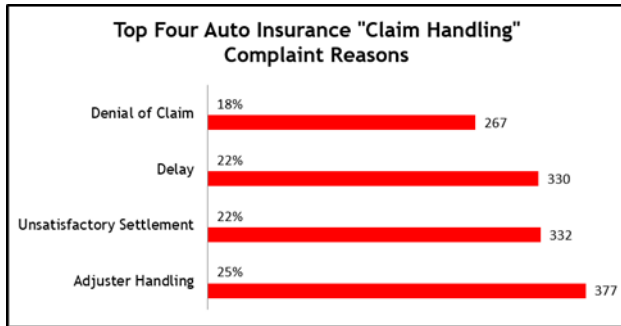
The following charts provide information on the percentage of L&H complaints by coverage type and category:



Complaint reasons by insurance type, category and reason

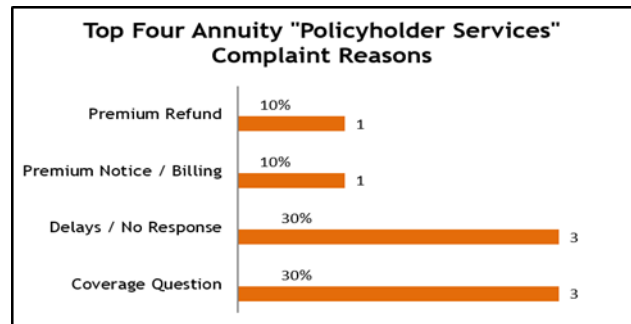
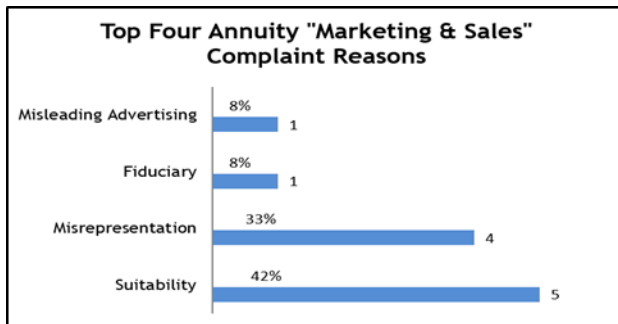
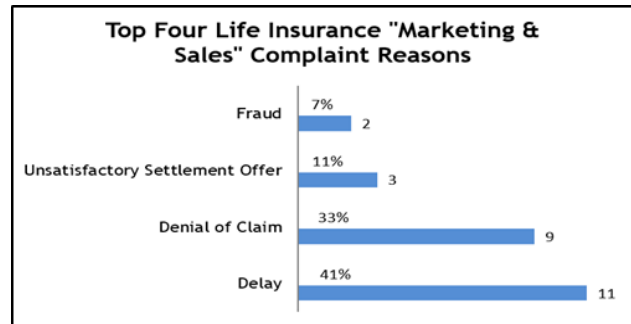
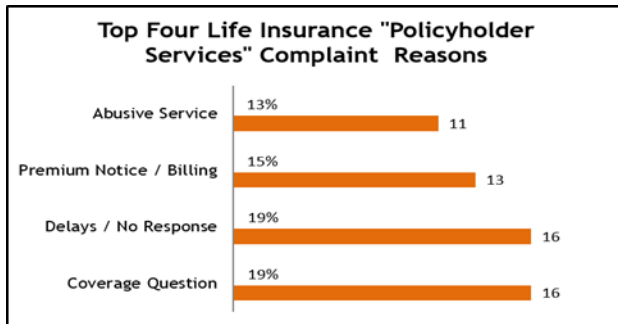
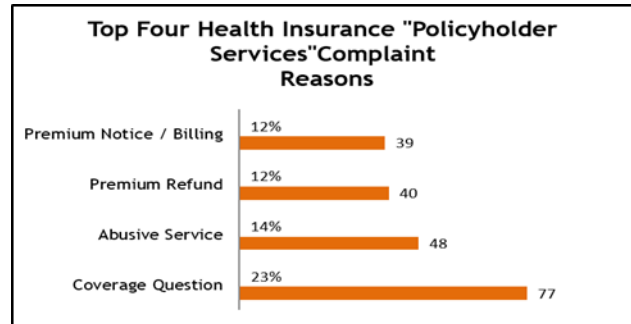
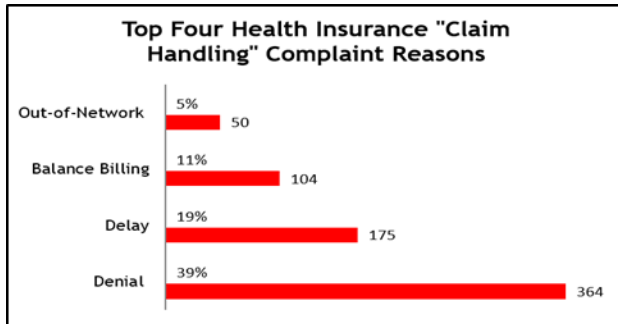
In addition to the four complaint categories explained and illustrated above, the Division identifies further detail; assigning **reason codes** to each complaint. One complaint may have multiple reason codes.

The charts below provide numeric detail for the top four complaint reasons for the top two categories for each 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 and Title complaints against insurers, please visit the Division's website at www.dora.colorado.gov/insurance

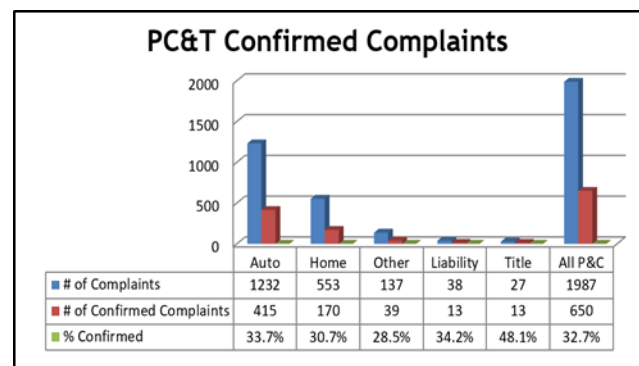
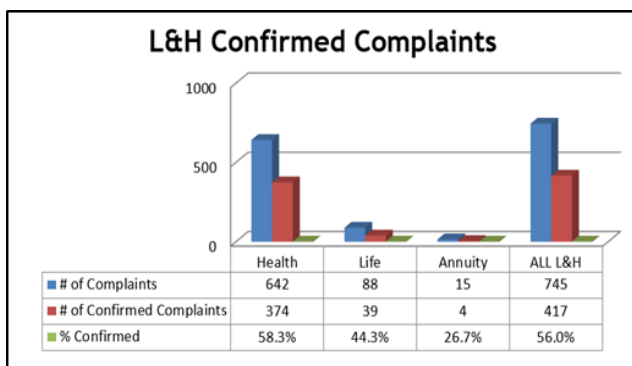
The charts below provide numeric detail for the top four complaint reasons for the top two categories for each L&H insurance type. The percentage displayed is that reason's portion of all reasons for that particular category:



For more information regarding Health, Life and Annuity complaints against insurers, 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 18-19, the Division found consumers' complaints confirmed, and the company in violation of law or policy provisions, 39% of the time. The L&H confirmed rate was 56% and the PC&T rate was 32.7%.

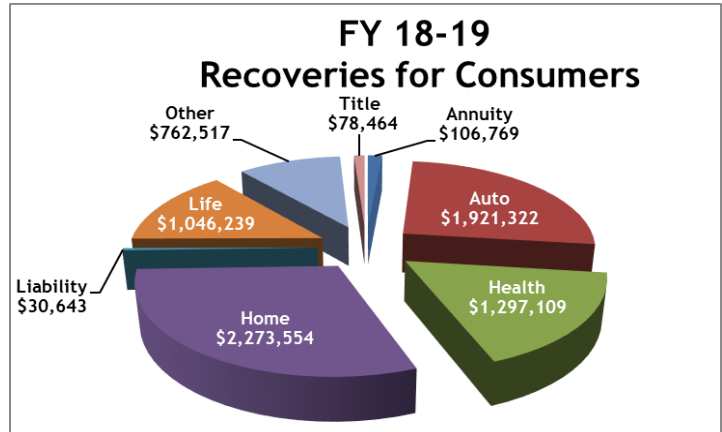
Outcomes: Recoveries for Consumers

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.

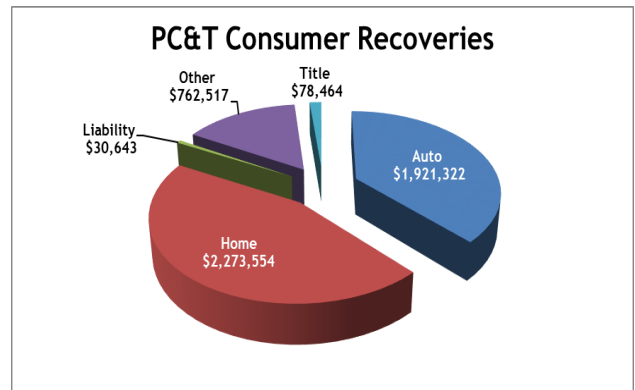
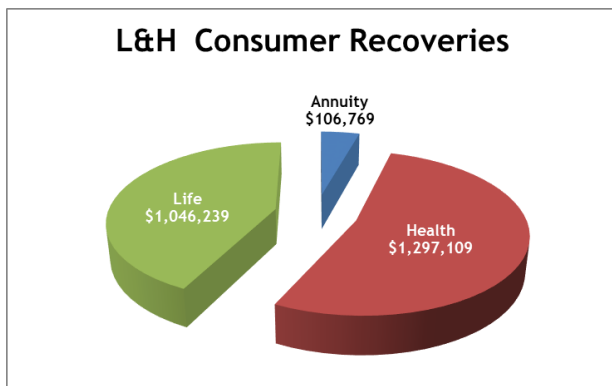
In FY 18-19, the Division recovered a total of \$7,516,671 for Colorado consumers, a decrease of 34% when compared to FY 17-18 recoveries of \$11,398,379.

PC&T recovered a total of \$5,066,555.

L&H recovered \$2,450,117.



The charts below provide the amount of recoveries by section and insurance type:



Although the Division cannot calculate a dollar value for Division intervention that results in the reinstatement of coverage after cancellation, or reversal of policy non-renewals, the Division's assistance in these types of insurance issues provides an invaluable service to Colorado consumers.