



**COLORADO**  
Department of  
Regulatory Agencies  
Division of Insurance

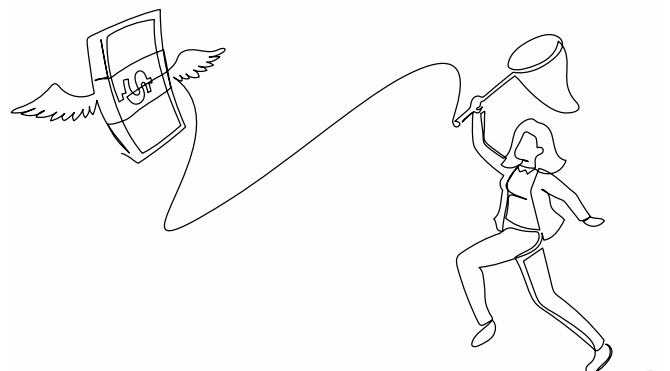
# Colorado Division of Insurance Annual Complaint and Recoveries Report

FY 2022-23 (July 2022 - June 2023)



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# Colorado Division of Insurance Annual Complaint and Recoveries Report

FY 2022-23 (July 2022 - June 2023)

The Colorado Division of Insurance (DOI), part of the Department of Regulatory Agencies (DORA), regulates insurance in Colorado - both the insurance companies and insurance agents/brokers. But the DOI also serves as a resource for Coloradans on all insurance matters. We answer consumers' questions, investigate their complaints and generally explain the world of insurance. Most of this work is done by the Consumer Services Team, which is split into two components - Property & Casualty Insurance and Life & Health Insurance. The team also connects with other DOI teams as necessary, especially when systemic issues with insurance companies are identified.

This report covers the complaints that came into the DOI, the work in investigating the complaints, and the money we recovered for consumers throughout the **2022-23 fiscal year (FY 2022-23; July 2022 - June 2023)**. In that time, the Consumer Services Team saw an increase in complaints compared to the previous year.

For the Life & Health side of the team, much of the increase centered around the exit of Bright Health from Colorado's health insurance market at the end of 2022, as well as the lead up to the termination of Friday Health Plans of Colorado in the spring and summer of 2023. Ensuring access to care for Colorado consumers continued to be top of mind for the DOI in working through consumers' issues.

For the Property & Casualty group, the increase in complaints is likely attributable to the DOI's increased visibility as a resource in the area of homeowners insurance due to our work and assistance in the aftermath of the Marshall Fire. And while the team did not receive as many complaints related to the Marshall Fire in this past year, much of their work was still focused on investigating and resolving complaints from the previous year related to the fire.

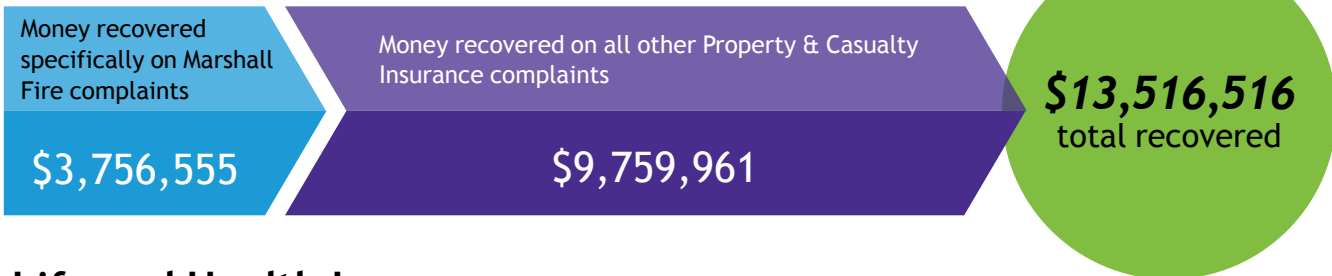


# Money Recovered for Colorado Consumers

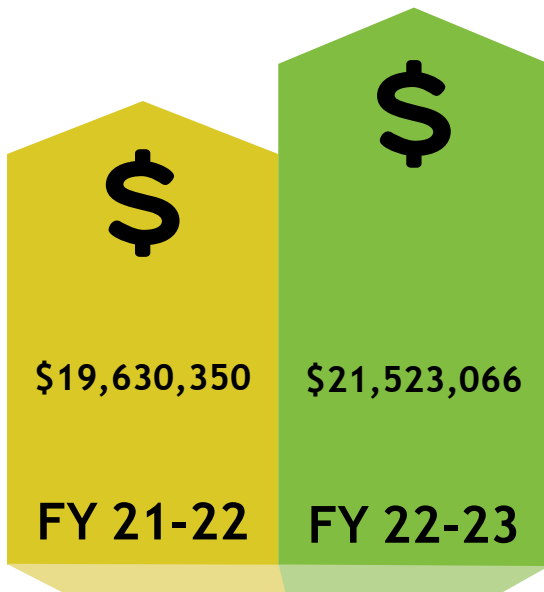
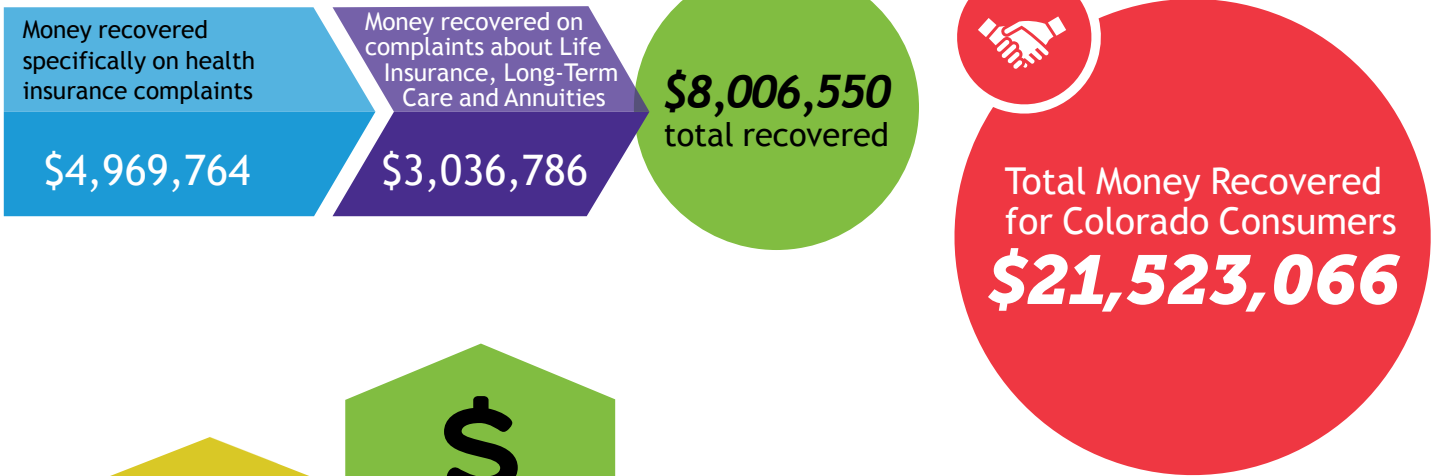
## Facts and Figures

This is money that goes to consumers in situations where the DOI finds that an insurance company improperly denied a claim, or did not initially pay the correct claim amount. Recoveries can also come about when a company is delaying payment on a claim or has not followed State insurance laws and regulations.

### Property & Casualty Insurance

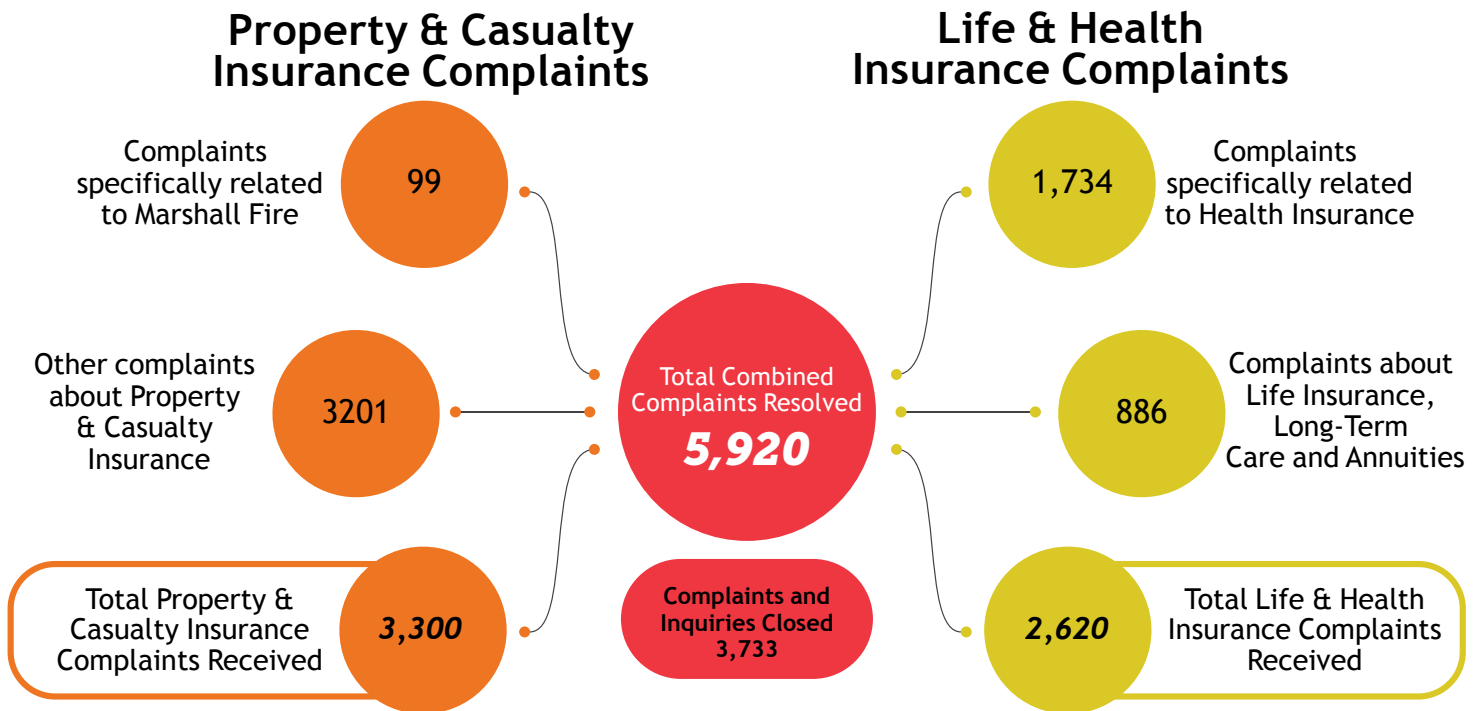


### Life and Health Insurance



Money recovered for Colorado consumers by fiscal year

# Facts and Figures



**Note:** Some complaints take longer than others to fully investigate, so not all complaints are resolved in the year they are received. The 5,920 figure includes 1,849 inquiries, which are instances when a consumer's complaint involves an easily resolved question or falls outside of the DOI's authority to regulate. These complaints still require the Consumer Services team to contact the consumer to answer their questions and educate them on their options.



## Telephone Calls: 9,000

The Consumer Services Team typically fields around 9,000 phone calls from consumers in a year. Calls can range from simple questions regarding a claim or policy to inquiries about a company's actions and how to move forward with a formal complaint.

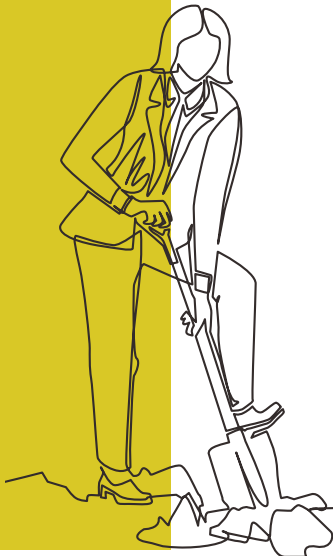


DOI's Work

# Digging Deeper Into Issues

## Marshall Fire and Homeowners Insurance

Even though the Marshall Fire happened in December 2021, the Division continued to investigate complaints related to the fire during this past year. And while the DOI investigated each of the individual complaints, working with policyholders on their specific problems and questions, our work also turned up a number of issues that impacted broader groups of Marshall Fire survivors.



### Extending Additional Living Expenses

The DOI Consumer Services Team discovered that an insurance company had placed dollar limits on Additional Living Expenses (ALE), which was not allowed under State law. This impacted a number of policyholders who had lost their homes in the Marshall Fire. The Division required the insurance company to review all policies connected to the Marshall Fire, and to correctly apply the ALE, with no dollar limit, for the first 12 months after the fire. The result was that the Marshall Fire survivors with policies from this company received further ALE benefits, as they were no longer restricted by a dollar limit.

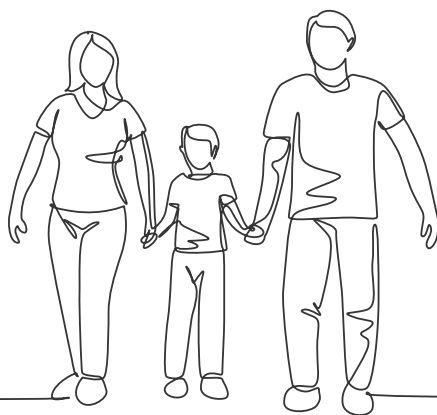
# Digging Deeper Into Issues

## Meeting Insurance Requirements

The DOI discovered that an insurance company had not been making necessary coverage available to policyholders as required by law - specifically the company was not offering a minimum of 10% of Ordinance & Law (O&L) coverage and 20% of Extended Replacement coverage. A number of policyholders in the Marshall Fire were impacted by this omission. Due to the Division's investigation, the company amended these policies, updating the coverage and providing additional benefits to these survivors.

## Policy Reformations

One of the major issues that became apparent immediately following the Marshall Fire was that many people found themselves underinsured. As a result, many people sought to reform their policy. While most insurance companies refused to change their policies, the DOI was able to get some companies to reform policies. This resulted in adjustments that sometimes ran up to six-figures of increased coverage available to rebuild homes.

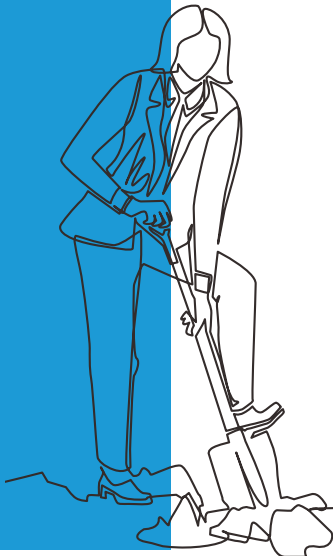


DOI's Work

# Digging Deeper Into Issues

## Helping Coloradans Navigate Health Insurance

While the DOI continues to develop programs to increase access to health insurance and save people money on health care, our Consumer Services Team works to help people understand their coverage and benefits, and help them navigate the various issues that arise when they interact with our health care system.



### Gender Affirming Care

The Consumer Services Team assists LGBTQ Coloradans seeking gender-affirming care, often helping individuals to obtain approval for network gap exceptions so they can use out-of-network providers for their gender-affirming care needs, as insurance companies' provider networks are frequently unable to provide for such services. This intervention by the DOI results in insurance companies addressing shortcomings and gaps in their provider networks, and most importantly, often assigning a case manager who has experience with gender-affirming care to assist the member as they navigate the system for future care needs.



# Digging Deeper Into Issues

## Behavioral Health

As more Coloradans seek behavioral health services, the DOI Consumer Services team continues to receive complaints about insurance companies' provider networks and improper denials of mental health benefits. To address these issues, the team began working with the Division's Behavioral Health Programs section, to specifically review complaints submitted by mental health providers. Together, these teams are working to identify systemic issues with insurance companies around mental health parity laws and regulations, determine if further investigation is needed, and identify any corrective actions needed to protect Colorado consumers.

## Diabetic Supplies & Services

An important benefit for many enrollees in the Colorado Option health plans are the diabetic supplies and services with no cost sharing for members (no copayments, deductibles or coinsurance). However, early in 2023, the first year the Colorado Option plans were available, the Consumer Services Team received a number of complaints from consumers who were being required to pay cost shares for their diabetic supplies, like continuous glucose monitors. The team worked with the Division's Colorado Option section to identify the root of the problem, resulting in additional guidance being provided to insurance companies (Bulletin B-4.130) on how to comply with the Division's regulations on coverage requirements for Colorado Option plans relating to diabetic supplies and services.

## Preventive Screening vs Diagnostic Services

In the last year, the Consumer Services Team noticed an emerging pattern in complaints related to screening colonoscopies. Many health insurance companies were using the United States Preventive Services Task Force (USPSTF) recommendations to process colonoscopy claims, but had not updated their processes to include Colorado's more consumer-protective coverage requirements found in State law. The Consumer Services team worked with the DOI's Market Regulation section to conduct a wider review of insurance companies' practices, resulting in substantial savings to consumers and a correction of companies' claim handling processes going forward.



# Consumers' Stories

## HOA Policy Not Renewed

In March 2023, the Division's Consumer Services Team received a complaint from a homeowners association (HOA) concerned about their commercial property policy not being renewed. Their property had been affected by the Marshall Fire, and they suspected their insurance company had not renewed their policy based solely on that association with the Marshall Fire, which was not allowed. Making the matter even more urgent, the policy was set to expire in 14 days. The Consumer Services team asked the insurance company for an explanation for the non-renewal, as well as a reconsideration of this action based on state law and regulations. After this, the insurance company changed course and renewed the policy for the HOA.

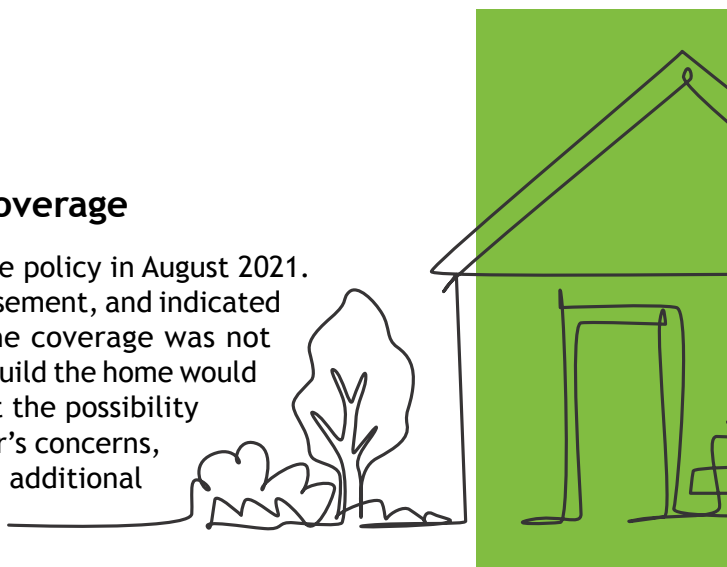
**The HOA sent the Division this message.**

"Thank you for all you did to help us with our appeal. We received the notice on Monday that our insurance company would reverse their non-renewal and we're expecting the updated renewal quote today. It was truly some of the best news I've received in a long time, and I can't thank you enough for your help in guiding us and taking the reins on our complaint. For myself, the board and our entire community, thank you for your help and all you do."



## Policyholder Receives Additional \$513,000 in Coverage

A policyholder purchased their home and homeowners insurance policy in August 2021. Their agent provided a replacement cost value, excluding the basement, and indicated the coverage would be sufficient. After the Marshall Fire, the coverage was not sufficient, and the insurance company determined the cost to rebuild the home would be over \$1 million. The consumer contacted the Division about the possibility of reforming the policy. After an investigation into the consumer's concerns, the company agreed to reform the policy, which resulted in an additional \$513,154 in coverage for the homeowner.



## Denied Claim Reversed

A consumer who lost their home in the East Troublesome Fire had their claim for a total loss denied by their insurance company. The home had been purchased shortly before the fire and the policy was new. However, the insurance company denied the claim, saying there was not an active policy covering the home. When the complaint was filed, the Division contacted the insurance company and determined that this discrepancy was due to an agent error. The company reversed its denial of the claim, resulting in a payment of \$500,703 to the insured.

## \$2,000,000 Life Insurance Payout Secured

After filing a life insurance claim in February, a consumer was advised by the insurance company in March that the payout would be sent "within 7-10 days." By mid-April there was still no payout and the consumer filed a complaint with the Division. By April 26 the payout was processed and the consumer received the policy benefits of \$2,000,000, plus \$25,000 in interest for the delay.

## Improper Delay for Life Insurance Claim

A consumer filed a life insurance claim after the passing of her husband, and the insurance company initially said the claim would be resolved within 10 days. Yet after many months, the claim was still unpaid. The consumer eventually filed a complaint with the Division. The Division determined the company was improperly applying the contestability clause in the policy (if a policyholder dies within the first two years of holding a life insurance policy, the insurance company almost always conducts an investigation and reviews medical records to make sure the claim should be paid). The Division was able to secure the \$500,000 policy payout to the beneficiary, along with an interest payment of \$17,000 due to the delay.





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Division of Insurance



## Contact the Colorado Division of Insurance

If you have questions, concerns or complaints about your insurance, insurance company or insurance agent, or you just need an explanation of terminology, processes or the world of insurance in general, please contact the Colorado Division of Insurance Consumer Services Team.

[303-894-7490](tel:303-894-7490)

[DORA\\_Insurance@state.co.us](mailto:DORA_Insurance@state.co.us)

[doi.colorado.gov](http://doi.colorado.gov)