



Consumer Advocate Bureau Annual Report

Prepared and Submitted to the 88th Iowa General Assembly
January 14, 2019

I. Background

The Consumer Advocate Bureau (the Bureau) was established in 2008 under Iowa Code section 505.8, subsection 6, paragraph “b” and requires an annual report on the activities and statistics of the Bureau. This report is filed in compliance with that annual report requirement.

The Bureau is currently comprised of the position of Consumer Advocacy Officer. Assistant Commissioner Angela Burke Boston served as the interim Consumer Advocacy Officer from January to October 2018 until the position was permanently filled by Sonya Sellmeyer. The Consumer Advocate Officer is required to provide assistance to consumers in all lines of insurance, securities, and regulated industries under the jurisdiction of the Commissioner.

II. 2018 Activities

The functions of the Bureau include aiding consumers with insurance inquires, complaints and appeals, health insurance rate reviews, conducting insurance industry studies, education and outreach to Iowa consumers, and recommending cases for administrative action. To further these functions, the work of the Bureau in 2018 focused on the following activities.

A. Consumer Complaints, Inquiries, and Appeals

In 2018 the Consumer Advocacy Officer assisted consumers directly with complaints, inquiries, phone calls, and emails with questions or problems with insurance, securities, and regulated industries. Statistics for the Bureau are incorporated into the Division’s statistics for other bureaus as the Consumer Advocacy Officer generally works with closed complaints; such as when the consumer has requested an appeal for additional assistance or pursued as a new complaint upon the discretion of the Consumer Advocacy Officer

In 2018, 11 consumers appealed to the Consumer Advocacy Officer for additional insurance complaint review covering health, life, property and casualty, and long-term care insurance. There were no new administrative actions from the Bureau in 2018, as all disputes were able to be settled with the insurers without additional action.

Please see Appendix A for a complete summary of the consumer inquiries and complaints handled by the Iowa Insurance Division by line of insurance, reason, and disposition.

B. The Individual Health Insurance Market Rate Review Process

The Consumer Advocacy Officer participated and assisted consumers with their notice and hearing rights associated with individual “grandfathered” or “traditional” health

insurance policy rate increases. Iowa law provides for a policyholder's right to notice and the right for a public hearing when a rate increase is requested above the average annual health spending growth rate (as established by the Centers of Medicare and Medicaid Services). The health insurers requesting continuing sales of health insurance products and requesting rate increases which met this criterion included the following:

Company Name	Percentage of Increase Requested	Affected Policyholders
Golden Rule	11%	3,379
Wellmark	5.3-11% with an average increase of 8%	63,104

The Consumer Advocacy Officer's role in the qualifying rate hearing process is to solicit consumer comments regarding the proposed rate increase and to share the received comments with the public and the Commissioner of Insurance during the public hearing. The public hearing regarding the rate increases was held at the Iowa Insurance Division and available online via Adobe Connect. This allowed affected members of the public from across Iowa to personally participate in the public hearings without driving to one central location. All reports on the public comments and testimony received on the proposed rate increases were provided to the Commissioner of Insurance and remain available for public review at <https://iid.iowa.gov/2019-health-rate-increases>. A total of 82 consumers submitted comments during the proposed 2019 rate hearing process.

C. Studies

Annually, and as required by Iowa Code §505.18, the Bureau conducts a health care data call to collect information regarding the costs and quality of health care insurance readily available to the consumer. The report provides aggregate health insurance data concerning loss ratios of health insurance carriers licensed to do business in the state, rate increase data and history, health care expenditures and how they affect health insurance premium rates, factors that result in higher and lower costs, medical trends affecting health insurance rates in the state, and any additional data appropriate to provide the governor and general assembly with pertinent health insurance cost information.

The annual health care cost report was submitted on January 8, 2019 to Governor Reynolds and the Iowa Legislature.

D. Outreach and Education

Since October 2018 the Consumer Advocacy Officer has attended a “Funding the Future” event sponsored by the Iowa Insurance Division. At the event the rock band Gooding performed for high school students at Sumner-Fredericksburg High School then spoke to the students about starting good savings habits early, wise use of debt and the types, the dangers of too much debt and high interest/payday lenders, how credit scores work, and how to control spending with a budget. The students were engaged and asked relevant questions.

Also attended by the Consumer Advocacy Officer was a National Children’s Theater production sponsored by the Iowa Insurance Division. Approximately 120 students from South East Warren Middle School attended an improv theater production to learn about prioritizing your needs and wants, the difference between cash and credit, basics of investing, and the importance of forming a savings habit. Teachers and students enjoyed a good laugh while learning important monetary lessons.

The Consumer Advocacy Officer will continue involvement in both of these educational programs to ensure their continued outreach and guidance to Iowa’s middle and high school youth.

The Consumer Advocacy Officer is also assisting with the “Iowa Fraud Fighters” presentations, a joint agency effort to educate Iowans about how to avoid being the victim of fraud. To assist in the fraud fight, the Consumer Advocacy Officer is assisting in resurrecting the Retired Senior Volunteer Program (RSVP) association with our office. RSVP volunteers will be trained to present the Iowa Fraud Fighter’s presentation to local organizations on our behalf. This allows the investor education platform to reach a wider audience with greater protection of Iowa consumers against fraud.

A new focus for the Consumer Advocacy Officer in 2019 will be the development of a retirement security program sponsored by the Iowa Insurance Division. The program’s priority will be to ensure all working Iowans are educated about saving for retirement and the different types of insurance and securities products available to ensure income into their golden years.

E. Additional Consumer Protection Functions

Based on the current complaint and inquiry trends, it is evident that the ever changing world of insurance requires additional education and outreach with the public. Those education initiatives are a priority with the Bureau.

Our aging population is also of concern to the Bureau as the population continues to be victimized by financial and investment fraud. One of the Bureau's main objectives for 2019 is the continued protection of one of our most valuable assets, Iowa's seniors.

Recommendations

A. Budget

The current 2019 budget for the Bureau entails an appropriation for only the Consumer Advocacy Officer with a salary and benefits. The Consumer Advocacy Officer has had additional staffing in the past that has always been provided by federal grant funds. Each grant has allowed for increased consumer services and consumer reach through the use of additional staffing. The budget of the Consumer Advocacy Officer should be reviewed for permanent staffing in 2019 and beyond as this will allow the Consumer Advocacy Officer to maintain a consistent level of customer service and education to all Iowans that cannot be achieved through temporary grant funds.

B. Legislation and Administrative Rules

The Consumer Advocacy Officer will continue working with other areas of the Iowa Insurance Division throughout 2019 to file administrative rules as needed in all areas of insurance.

III. Conclusion

The work of the Consumer Advocacy Officer exists to represent and aid Iowa's policyholders. The Consumer Advocacy Officer and those who work to serve consumers within the Iowa Insurance Division, thank the Legislature for this opportunity. Upon request, additional information can be provided as to any of the consumer activities of the Consumer Advocacy Officer or any other consumer function or duty of the Iowa Insurance Division.

The following data attachments are respectfully submitted for review.

Sincerely,

A handwritten signature in black ink that reads "Sonya M. Sellmeyer". The signature is written in a cursive style with a large initial 'S'.

Sonya M. Sellmeyer
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Iowa Insurance Division
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Appendix A: 2018 Complaint and Inquiry Statistics for Iowa

The following statistics are the total services provided to consumers in all areas serviced by the Division. For convenience, combined statistics showing the efforts of all bureaus handling complaints is provided.

Total Summary of Iowa Insurance Division Complaints and Inquiries

Total Complaints:	1,399
Total Inquiries:	717
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Total Consumer Complaints / Inquiries Processed:	2,116

2018 Insurance Complaints for Iowa

Iowa Complaint Market Regulation Closed Complaint/Inquiry Report

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	291	33
Fire, Allied Lines	6	1
Homeowners	186	16
Life, Annuity	324	98
Accident, Health	524	207
Liability	5	1
Miscellaneous	63	20
Other: Unclassified	0	365
TOTAL	1399	741

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	37	0	27	46	78	0	5
Marketing and Sales	12	1	21	70	146	2	8
Claim Handling	283	5	148	295	522	5	72
Policyholder Service	108	2	67	193	311	1	36
TOTAL	440	8	263	604	1057	8	121

Disposition	Auto	Fire, Allied Lines	Homeowners	Life,	Accident, Health	Liability	Miscellaneous
Claim Reopened	1	1	1	0	2	0	0
Claim Settled	33	0	21	4	7	0	21
Company Position Overturned	1	0	3	0	2	0	1
Company Position Substantiated	190	2	120	134	237	1	34
Complaint Withdrawn	3	0	2	0	5	0	2
Compromised Settlement	31	2	16	169	144	1	4
Contract Provision/Legal Issue	63	1	78	38	28	4	18
Fine	0	0	0	0	0	0	0
Insufficient Information	1	0	1	12	23	0	1
No Action Requested/Required	194	1	138	21	6	0	39
No Jurisdiction	5	0	0	18	163	0	0

Referred for Disciplinary Action	0	0	0	2	1	0	2
Referred to Another Dept.	0	0	0	4	5	0	0
Referred to Proper Agency	0	0	0	18	51	0	2
State Specific	3	0	3	2	3	0	0
TOTAL	525	7	383	422	677	6	124

*Securities and Regulated Industries complaints are not included in the Iowa statistics due to reporting differences.

Appendix B: Comparative Complaint Data for North Dakota and Missouri

Based on various characteristics, such as location and database systems used, other states were asked to share complaint statistics. 2018 complaint data were supplied as a courtesy to the Iowa Insurance Division from the states of North Dakota and Missouri. Their statistics provide a picture of the annual complaints from neighboring states.

North Dakota Market Regulation Closed Complaint/Inquiry Data:

Complaint Totals:

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	68	184
Fire, Allied Lines	8	26
Homeowners	43	105
Life, Annuity	11	70
Accident, Health	16	270
Liability	9	22
Miscellaneous	3	11
Other	0	138
TOTAL	158	826

Complaint Reasons:

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	2	0	1	0	0	0	0
Marketing and Sales	0	0	2	3	3	1	0
Claim Handling	14	2	9	2	8	0	0
Policyholder Service	6	0	1	2	3	2	0
TOTAL	22	2	13	7	14	3	0

Complaint Dispositions:

Disposition	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Appeal	0	0	0	0	0	0	0
Brochure Sent	0	0	0	0	0	0	0
Closed No Further Review	2	0	0	2	1	0	0
Complaint Form Sent	39	7	26	8	17	3	2
Contacted Company	62	7	41	0	0	8	3
Contacted Consumer	0	0	0	0	0	0	0
Corrective Action Completed	0	0	0	0	0	0	0
Detailed Assistance - Fully Completed	74	11	50	45	161	7	2
Detailed Assistance - In Progress	2	1	4	11	15	0	0
Filed a complaint with CMS	0	0	0	0	0	0	0
Filed a complaint with Medicare Plan	0	0	0	0	0	0	0
General Information and Referral	2	0	0	2	8	1	0
Insufficient Information	0	0	0	4	12	1	0
No Jurisdiction	0	0	1	2	22	1	1

Other	1	0	0	0	1	0	0
Problem Solving/Resolution-Fully Completed	0	0	0	0	0	0	0
Problem Solving/Resolution-In Progress	0	0	0	0	0	0	0
Public Records Request Completed	0	0	0	0	1	0	0
Question Answered	14	2	5	6	43	4	1
Referred Inside DOI	3	0	0	0	1	0	0
Referred Outside DOI	0	0	0	1	2	0	1
Sent Letter	0	0	0	0	2	0	0
TOTAL	199	28	127	81	286	25	10

2018 Missouri Market Regulation Closed Complaint/Inquiry Report

Complaint Totals:

Line of Insurance	Closed Complaint	Closed Inquirie
Auto	635	190
Fire, Allied Lines	41	26
Homeowners	276	72
Life, Annuity	406	92
Accident, Health	97	37
Liability	15	19
Miscellaneous	682	351
Other: Unclassified	0	639
TOTAL	2152	1426

Complaint Reasons:

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	318	10	99	45	4	9	29
Marketing and Sales	27	2	14	72	124	1	870
Claim Handling	821	59	310	135	35	31	178
Policyholder Service	83	5	60	435	16	2	24
TOTAL	1249	76	483	687	179	43	1101

Disposition	Auto	Fire, Allied Lines	Homeowners	Life,	Accident, Health	Liability	Miscellaneous
Claim Reopened	0	0	0	0	0	0	0
Claim Settled	110	8	21	8	0	2	15
Company Position Overturned	85	0	26	33	1	4	60
Company Position Substantiated	407	31	179	128	5	14	43

Complaint Withdrawn	0	0	1	1	0	0	0
Compromised Settlement	41	0	17	84	7	2	44
Contract Provision/Legal Issue	14	2	24	123	16	3	19
Fine	1	0	1	3	3	0	66
Insufficient Information	0	0	0	4	0	0	3
No Action Requested/Required	10	1	8	49	50	1	167
No Jurisdiction	4	4	11	3	10	1	7
Referred for Disciplinary Action	1	0	0	3	10	0	74
Referred to Another Dept	0	0	0	0	0	0	1
Referred to Proper Agency	2	0	0	0	0	0	6
State Specific	19	4	14	4	13	0	352
TOTAL	694	50	302	443	115	27	857