



Consumer Advocacy Officer Annual Report

Prepared and Submitted to the 88th Iowa General Assembly
January 14, 2020

I. Background

The Consumer Advocacy Officer (Consumer Advocate) 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 Consumer Advocate. This report is filed in compliance with the annual report requirement.

The Consumer Advocate role is held by Sonya Sellmeyer and is required to provide fair assistance to consumers in all lines of insurance, securities, and regulated industries under the jurisdiction of the Commissioner.

II. 2019 Activities

The functions of the Consumer Advocate include aiding consumers with insurance inquiries, 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 Consumer Advocate in 2019 focused on the following activities.

A. Consumer Complaints, Inquiries, and Appeals

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

Twenty-five consumers appealed to the Consumer Advocate for additional complaint review covering health, life, property and casualty, long-term care insurance, and prearranged funeral services and merchandise. There were no new administrative actions from the Consumer Advocate in 2019, 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 Market Regulation Bureau, Securities and Regulated Industries Unit of the Iowa Insurance Division by the line of insurance, reason, and disposition. For reference Appendix B shows the insurance statistics for the Missouri Department of Insurance.

B. The Individual Health Insurance Market Rate Review Process

The Consumer Advocate 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 of notice and public hearing when a rate increase is requested above the average annual health spending growth rate (as established by the Centers for Medicare and Medicaid Services). The health insurers requesting continuing sales of health insurance products and requesting rate increases which met this criterion in 2019 included the following:

Company Name	Percentage of Increase Requested	Affected Policyholders
Wellmark Blue Cross Blue Shield	12.4% to 12.6% for an average increase of 12.5%	54,152
Wellmark Health Plan of Iowa	12.6% increase	1,183

The Consumer Advocate’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. A total of 132 consumers submitted comments during the proposed 2020 rate hearing process, up from 82 comments last year. The public hearing regarding the rate increases was held on August 24, 2019, at the Iowa Insurance Division and was available online via Adobe Connect, which allowed affected members of the public from across Iowa to participate in the public hearings without driving to one central location. Four consumers were in attendance for the hearing and spoke with regards to how the increase in premium would affect their situation. No consumers participated in the live Adobe Connect feed. 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/2020-health-rate-increases>.

C. Studies

Annually, and as required by Iowa Code §505.18, the Consumer Advocate 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 November 13, 2019, to Governor Reynolds and the Iowa Legislature.

D. Outreach and Education

The Consumer Advocate participated in a variety of outreach and educational projects in 2019. Connecting with consumers is essential to educating all Iowans about insurance and investment products, in addition to protecting them from becoming victims of fraud.

Financial literacy helps students take a positive step toward a financially successful future, and in April the Iowa Insurance Division sponsored a "Funding the Future" event at the Des Moines Civic Center. At the event, the rock band Gooding performed for nearly 700 middle and high school students from various metro-area schools. During the financial literacy event, students learned about starting good savings habits early, controlling spending with a budget, and how credit scores work. Gooding also stressed the dangers of high interest/payday lenders. The students were engaged and asked relevant questions about the future of social security, college loans, and credit scores. This event was held in conjunction with the Global Insurance Symposium (GIS) at the Iowa Events Center. The GIS is an annual conference where insurance and financial regulators, executives, and renowned keynote and panel speakers gather to learn about new and cutting edge technology in the industry. The Iowa Insurance Division is an annual partner for the conference. After the concert to the students, attendees at the GIS were able to see clips from the live concert at the Civic Center and witness the impact the concert had on the students, and hopefully, consider sponsorship of similar financial literacy events in their states and countries.

The Iowa Insurance Division also continues to sponsor financial literacy in our Iowa schools by partnering with EverFi who has developed a free online financial literacy program for teachers and students. During the 2018-2019 academic year, the Iowa Insurance Division's support of EverFi's educational resources reached 17,720 Iowa high school learners for 76,369 hours of learning at 265 schools. With Iowa's new financial literacy requirements, the Iowa Insurance Division is helping ensure that Iowa's youth are developing the skills for financial capability which lead to long term financial well-being.

National Theater for Children (NTC) productions are also sponsored by the Iowa Insurance Division. The NTC reaches out to middle and junior high students with a financial literacy program called *Dimes, Dollars & Decisions*. *Dimes, Dollars & Decisions* uses two professional actors to engage students through a series of improvisational comedy sketches to teach about the difference between debit and credit cards, what taxes are, how insurance works, and the importance of savings. During 2019 NTC reached 15,607 Iowa students by visiting 97 schools. Their programs got rave reviews from students and teachers. NTC also provided schools with student workbooks, teacher guides, and online activities so educational content could continue after the in-school assembly was completed.

The Consumer Advocate will continue involvement in all of these educational programs to ensure their continued guidance and outreach 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 older Iowans about how to avoid being the victim of scams. During 2019 the Iowa Insurance Division participated in six fraud fighter lunch forums in eight weeks. Approximately 1,200 total attendees learned how to shield their investments and savings from scammers. Commissioner Doug Ommen led these events and the Consumer Advocate did five additional events to smaller audiences. The Iowa Fraud Fighter forums provide essential education in the protection of our older Iowa population.

To assist in the fraud fight, the Consumer Advocate will be training volunteers from the Retired Senior Volunteer Program (RSVP) to present the Iowa Fraud Fighter's presentation to local organizations on our behalf. This allows the fraud fighter platform to reach a wider audience with greater protection of Iowa consumers against fraud. In 2019 we signed on two RSVP chapters to participate and look forward to training a third RSVP Chapter in Southern Iowa in January or February of 2020. The RSVP program participation represents volunteer community members looking out for their fellow Iowans by educating and bringing about awareness.

In 2019, the Iowa Insurance Division began the sponsorship and development of a retirement security program. The initiative was kicked off on August 29th at Iowa Public Television with a town hall discussion titled "Making Cent\$ of Retirement: An Investor Education & Protection Event". The event sponsored by the Iowa Insurance Division and other program partners brought in approximately 320 Iowans to watch segments of the *When I'm 65* documentary followed by a panel discussion. Iowa Public Television later

aired the complete documentary on September 1st. Along with the large turnout for the event, a statewide digital and media outreach program brought awareness about the issue of retirement security. A similar town hall on retirement security is being planned for the Dubuque area on April 30, 2020, along with a retirement security educational platform that will be available for all Iowans.

The Consumer Advocate also presented at various other conferences. An “Insurance 101” presentation was given to Iowa teachers at the annual Jump\$tart Coalition Conference. Jump\$tart is an ally with the Iowa Insurance Division in the promotion of financial literacy and education. A presentation on “How to be Financially Fit” was given at the Iowa Caregivers Association Conference. The purpose of the presentation was to educate Iowa’s caregivers about their financial well-being. Both presentations were well received and additional educational events are being planned for 2020 as the Consumer Advocate continues with the Iowa Insurance Division’s mission of financial education and literacy for all Iowans.

E. Additional Consumer Protection Functions

Based on the current complaint and inquiry trends, it is evident that the ever-changing world of insurance and investments require additional education and outreach with the public. Those education initiatives are a priority for the Consumer Advocate.

Our aging population is also of concern to the Consumer Advocate as this population segment continues to be victimized by financial and investment fraud. One of the Consumer Advocate’s main objectives for 2020 is the continued protection of one of our most valuable assets, Iowa’s elders by increasing awareness about fraud and scams through educational efforts. One new educational initiative is the Consumer Advocate’s Consumer Connection which will be published by the Iowa Insurance Division at various times throughout the year.

Recommendations

A. Legislation and Administrative Rules

The Iowa Insurance Division is introducing critical legislation this session to provide protections for the financial exploitation of eligible adults. Eligible adults are defined as a person sixty-five years of age or older or a person defined as a dependent adult pursuant to Iowa Code §235B.2.4. If passed, this legislation would provide training to a broker-dealer, investment advisor, or qualified individual on the common signs of how to identify and report suspected exploitation of an eligible adult to government

officials, law enforcement, or any third party previously designated by the account holder. The training will also emphasize the need to protect the privacy and respect the integrity of each customer involved. After training, a broker-dealer, investment advisor or qualified individual would be able to delay a disbursement or transaction from an eligible account where financial exploitation is suspected. Also included in the legislation is immunity for a broker-dealer or investment advisor when acting in good faith and exercising reasonable care when delaying the disbursement. The Consumer Advocate has witnessed firsthand the sophistication of financial exploitation of our elder population and the continued need to educate, investigate, and protect. Passage of this legislation is vital to protection our elder lowans and their assets.

The Consumer Advocate will continue working with all areas of the Iowa Insurance Division throughout 2020 to file legislation and administrative rules as needed in all areas of insurance and investments.

III. Conclusion

The work of the Consumer Advocate exists to represent and aid Iowa's policyholders and investors. The Consumer Advocate 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 Advocate or any other consumer function of the Iowa Insurance Division.

The following data attachments are respectfully submitted for review.

Sincerely,

A handwritten signature in black ink, reading "Sonya M. Sellmeyer". The signature is fluid and cursive, with the first name "Sonya" being more prominent and the last name "Sellmeyer" following in a similar style.

Sonya M. Sellmeyer
Consumer Advocacy Officer
Iowa Insurance Division
Office: (515) 281-4038
sonya.sellmeyer@iid.iowa.gov

Appendix A: 2019 Complaint and Inquiry Statistics for Iowa

The following statistics show the efforts of the Iowa Insurance Division and their handling of consumer complaints:

Total Summary of Iowa Insurance Division Insurance (Market Regulation and Securities/Regulated Industries) Closed Complaints and Inquiries

Total Complaints:	1,506
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Total Inquiries:	445
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Total Consumer Complaints / Inquiries Processed:	1,951
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2019 Insurance, Securities, and Regulated Industries Complaints for Iowa

2019 Iowa Insurance Division Closed Complaint/Inquiry Report

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	314	63
Fire, Allied Lines	3	0
Homeowners	165	27
Life, Annuity	264	123
Accident, Health	586	178
Liability	12	6
Miscellaneous	65	19
Other: Regulated Industries	75	24
Other: Securities	22	5
Other: Unclassified	0	0
TOTAL	1506	445

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Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	86	0	47	16	88	6	20
Marketing and Sales	2	0	10	117	168	2	7
Claim Handling	327	5	182	100	455	15	70
Policyholder Service	15	0	13	325	174	2	3
TOTAL	430	5	252	558	885	25	100

Disposition	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Claim Reopened	0	1	2	0	3	0	0
Claim Settled	57	0	26	30	20	3	17
Company Position Overturned	9	0	7	0	47	0	1
Company Position Substantiated	234	2	132	20	263	10	51
Complaint Withdrawn	2	0	2	5	16	0	1
Compromised Settlement	12	1	7	111	205	0	0
Contract Provision/Legal Issue	78	1	79	182	98	2	30
Fine	0	0	0	0	0	0	0
Insufficient Information	1	0	0	4	35	0	0
No Action Requested/Required	247	3	143	34	25	13	70
No Jurisdiction	17	0	4	54	151	0	4
Referred for Disciplinary Action	0	0	0	8	20	0	2
Referred to Another Dept	0	0	0	6	1	0	0
Referred to Proper Agency	0	0	0	0	5	0	0
State Specific	2	0	5	2	9	0	0
TOTAL	659	8	407	456	898	28	176

Appendix B: Comparative Complaint Data for Missouri

As a courtesy to the Iowa Insurance Division, the Missouri Department of Insurance supplied their insurance complaint data to our office for comparison. Their statistics provide a picture of the annual complaints from a neighboring state by line of insurance. (Due to a difference in government agency structures, the Missouri statistics only represent insurance.)

2019 Missouri Market Regulation Closed Complaint/Inquiry Report

Complaint Totals:

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	600	183
Fire, Allied Lines	48	18
Homeowners	305	79
Life, Annuity	264	26
Accident, Health	1073	524
Liability	24	18
Miscellaneous	2944	307
Unclassified	135	867
TOTAL	5393	2022

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	160	12	102	26	109	8	26
Marketing and Sales	32	2	19	66	93	11	66
Claim Handling	989	73	510	86	1516	33	86
Policyholder Service	157	11	81	206	433	9	206
TOTAL	1338	98	712	384	2151	61	384

Disposition	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Claim Reopened	0	0	0	26	1	0	0
Claim Settled	114	4	19	8	10	1	20
Company Position Overturned	37	3	23	8	126	0	9
Company Position Substantiated	303	23	171	425	359	15	27
Complaint Withdrawn	1	0	0	0	0	0	0
Compromised Settlement	60	6	22	59	182	4	9
Contract Provision/Legal Issue	20	5	34	80	185	1	7
Fine	0	0	0	1	1	0	68
Insufficient Information	3	0	0	0	6	0	1
No Action Requested/Required	4	0	1	0	30	1	141
No Jurisdiction	5	1	6	18	343	0	3
Referred for Disciplinary Action	0	0	0	0	3	0	38
Referred to Another Dept.	1	1	2	0	0	0	0
Referred to Proper Agency	1	0	0	1	1	0	0
State Specific	12	2	8	5	10	0	370
TOTAL	561	45	286	631	1257	22	693