



Consumer Advocacy Officer Annual Report

Prepared and Submitted to the 89th Iowa General Assembly
January 15, 2021

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 Iowa Insurance Commissioner.

II. 2020 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 2020 focused on the following activities.

A. Consumer Complaints, Inquiries, Appeals, and 515D hearing requests

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 have been incorporated into the Iowa Insurance Division’s (Insurance Division) overall 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.

Please see Appendix A for a complete summary of the consumer complaints handled by the Insurance Division’s Market Regulation Bureau by line of insurance, reason, and disposition. For comparison the Insurance Division received complaint numbers from the Missouri Department of Insurance and Kansas Insurance Department.

Fourteen consumers appealed to the Consumer Advocate for additional complaint review covering health, life, property and casualty, long-term care insurance; along with two Iowa consumers requesting a review of their health insurance rate increase. The Consumer Advocate also initiated six cases based on original complaints or concerns brought to the Advocate’s attention.

Furthermore, in 2020 the Consumer Advocate started initial company contacts on all Iowa Code §515D Automobile Insurance Cancellation Controls requests for a hearing. Per §515D.10 any named insured on an auto policy who has received a statement of reason for cancellation, or of reason for an insurer’s intent not to renew a policy, may, within fifteen days of the receipt or delivery of a statement of reason, request a hearing before the commissioner of insurance. In an attempt to reduce the number of hearing requests being set for hearing, the Consumer Advocate has been assisting all involved parties in an attempt to mediate the cancellation or non-renewal issue. Of the eight 515D requests for hearing referred to the Consumer Advocate, all were resolved with the company and/or consumer without the scheduling of a hearing.

There were no new administrative actions from the Consumer Advocate in 2020, as all disputes were able to be settled with the insurers without additional action.

B. The Individual Health Insurance Market Rate Review Process Iowa Code §505.19

The Consumer Advocate participated and assisted consumers with their notice and hearing rights associated with individual “grandfathered” or “transitional” 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 rate increases that met this criterion in 2020 included the following:

Company Name	Percentage of Increase Requested	Approximate Affected Policyholders
Wellmark, Inc.	4.2% to 8.7% for an average increase of 6.4%	45,000
Wellmark Health Plan of Iowa	8.7% increase	1,000
Golden Rule Insurance Company	19% increase	2,322

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

53 comments were submitted by consumers during the proposed 2021 rate hearing process, down from 132 comments last year. The public hearing regarding the rate increases was held on August 22, 2020, at the Insurance Division and was available online via Webex, which allowed affected members of the public from across Iowa to participate in the public hearing without driving to one central location. One consumer attended the hearing and provided information on how the rate increase would affect their situation. Two consumers participated in the live WebEx feed but offered no public comment during the hearing. All reports on the public comments and testimony received on the proposed rate increases were provided to Commissioner Ommen and remain available for public review at [the Division website](#).

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 10, 2020, to Governor Reynolds and the Iowa Legislature.

D. Outreach and Education

Connecting with Iowans is essential to educate all consumers about insurance and investment products, in addition to protecting them from becoming victims of fraud. The Consumer Advocate participated and assisted with a variety of outreach and educational projects in 2020, most of which were done virtually.

Middle and High School Students

Financial literacy helps middle and high school students take a positive step toward a financially successful future, and in March the Insurance Division sponsored a "Funding the Future" event at McCombs Middle School in Des Moines. At the event, the rock band Gooding performed for approximately 300 middle school students where the 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 college loans and credit scores.

The Insurance Division also continues to sponsor financial literacy in Iowa high schools by partnering with EverFi who has developed a free online financial literacy program for teachers and students. During the 2019-2020 academic year, the Insurance Division's support of EverFi's educational resources reached 15,918 Iowa high school learners for 49,129 hours of learning at 218 schools. After many schools went digital in March 2020, the Division program reached an additional 924 students, 15 schools, and 2,888 hours of learning through digital financial education. The Insurance Division also sponsored EverFi's first National Financial Bee this spring for Iowa students ages 13-18 participating for a chance to win a \$10,000 scholarship by completing 5 financial modules and write a capstone essay. 892 Iowa students started the modules and 69 capstone essays were submitted. The Insurance Division is helping ensure that Iowa's youth are developing the skills for financial capability which leads to long-term financial well-being that benefits all Iowans.

National Theater for Children (NTC) productions are also sponsored by the 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 professional actors to engage students through a series of improvisational comedy sketches to teach about the difference between wants versus needs, the difference between debit and credit cards, all about investing, and the importance of a savings habit. Since NTC was unable to visit the schools in person, they switched their program to a virtual format. During 2020 NTC reached 3,695 Iowa middle school students by virtually visiting 50 schools. Their programs received good reviews from students and teachers. NTC also provided schools with an e-learning packet which included student workbooks, teacher guides, and activities so educational content could continue after the virtual assembly was completed.

The Consumer Advocate is also the Insurance Division's representative at the Iowa Inter-agency Financial Literacy Group which is a cohort within Iowa State Government that promotes, identifies, and coordinates the financial literacy efforts of state agencies. The group generates efficiencies, fosters communication, promotes collaboration and shares best practices that positively impact Iowan.

The Insurance Division and Consumer Advocate will continue involvement in all of these important educational programs to ensure their continued guidance and outreach to Iowa's middle and high school youth.

Adults

The Consumer Advocate is also assisting with Iowa Fraud Fighters presentations, a joint agency effort to educate and protect older Iowans about how to avoid being the victim of scams. Unfortunately, the Insurance Division had to cancel their 2020 Fraud Fighter lunch forums led by Commissioner Doug Ommen. Normally, these forums are held around the state, and last year reached approximately 1,200 total attendees who learned how to shield their investments and savings from scammers. In an attempt to still reach Iowa's vulnerable older population, the Insurance Division broadcasted three Fraud Fighter webinars events in July. The three webinars focused on avoiding Medicare fraud and financial exploitation, online scams, and protecting your loved ones from investment and Medicare scams. The Iowa Attorney General's office and the Senior Health Insurance Information Program were partners with the Insurance Division regarding the webinars. The webinars may be viewed on the [Fraud Fighter YouTube channel](#). The Consumer Advocate also did three virtual Fraud Fighter events to approximately 47 consumers with at least one of the events being broadcasted on Facebook live for later viewing.

To assist in the fraud fight, the Consumer Advocate trained Directors from the AmeriCorps 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 2020 we signed contracts with 6 additional RSVP chapters to participate in our Fraud Fighter program. The RSVP program participation represents volunteer community members looking out for their fellow Iowans by educating and bringing about fraud awareness.

In 2019, the Division began the sponsorship and development of a retirement security program. Our initiative was kicked off on August 29th, 2019 and additional plans for more events were put on hold after the spring of 2020. Commissioner Doug Ommen did participate in a town hall virtual retirement security event titled "Making Cents of Retirement" on September 16th sponsored by the Dubuque Telegraph Herald. Approximately 60 viewers tuned into the webinar to learn how to prepare themselves for a happy and financially secure retirement. Without in-person events, the Insurance Division continued its development of our retirement security initiative with the launch

of [Save4LaterIowa](#). This website is free to all Iowans at any age or stage of their financial journey to retirement. The website contains educational videos, action guides, calculators, and 63 Save4Later courses which will set in motion your knowledge on subjects as simple as budgeting to how to make your money last through retirement. The purpose of the website is to offer Iowans a sales-free source to plan, earn, save, and plan for their retirement. The Division is excited to offer these courses to Iowans and is planning a woman-focused retirement program called SmartHer money with hopes to have an in-person conference in May 2021.

With the launch of Save4Later, the Insurance Division recognized that many State of Iowa employees may need financial wellness education as well. The Insurance Division applied for and was awarded a \$100,000 grant from the National Association of State Treasurers (NAST) to educate all current state of Iowa employees and retirees about financial wellness and the vital role it plays in our overall health. The grant will pay for the expansion of the Save4Later website to over 400 courses exclusively for state employees, retirees, and their families. With the award of the grant, the Insurance Division in conjunction with the Department of Administrative Services will be launching the program in January 2021. Incentives will be offered for participation and hopefully, inspire a little friendly competition between different state departments.

The Insurance Division also continued its Financial Fitness Challenge (Challenge) administered by the Financial Fitness Group. The Challenge is offered to employers and organizations so they may offer free and unbiased financial wellness and education classes to their employees. In the fall of 2020, 50 employers/organizations participated reaching 5,123 users surpassing the goal of 24 employers/organizations and 1,500 users. Users completed 7,517 courses for an average knowledge change of 21.04%.

The Consumer Advocate also continued with a monthly electronic newsletter started in December 2019. The "Consumer Connection" is now distributed each month and educates consumers on issues such as consumer protection against fraud, specific disease insurance, how to file a complaint with the Division, and most recently information on the Save4Later website and how consumers may use the website to assist with their New Year's financial fitness resolution. Additionally, Sioux City AM Radio KSCJ regularly has the Consumer Advocate on to discuss the most recent Consumer Connection on the evening "Drivetime Live" show. All past consumer connections may be found on the [Division website](#).

The Consumer Advocate also presented at various other organizations and conferences. An “Insurance, Investments, and Retirement 101” presentation was given to students at Des Moines University. Due to the rise in COVID-19 scams, the Consumer Advocate presented during a webinar for small business owners sponsored by the Corridor Business Journal. A general fraud presentation was also given to the Insurance Association of Greater Des Moines, and training for the Department of Aging for their Elder Rights Specialists this fall discussed how to be a fraud fighter while working with older Iowans, and recognize signs of elder financial exploitation. All presentations were well received and the Consumer Advocate will continue to promote the Insurance Division’s message of consumer education and protection.

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 2021 is the continued protection of one of our most valuable assets, Iowa’s elders by increasing awareness about fraud and scams through educational efforts and a return to face to face discussions with Iowa consumers.

Recommendations

A. Legislation and Administrative Rules

The Insurance Division is introducing four bills this legislative session with several important consumer protection issues addressed. First, the Insurance Division bill on private flood insurance acts to foster innovation and give consumers greater choices for flood coverage. Second, the Omnibus bill provides for insureds to be given information about alternative coverage with the Iowa Fair Plan, alleviates consumer confusion when a preneed arrangement purchase is complete, especially for online sales, and ensures disinterment fees are disclosed to consumers. Third, is a bill protecting sensitive consumer information by setting forth requirements for insurer data security. And lastly, the Insurance Divisions bill regarding the Financial Exploitation of Eligible Adults adds a new Article 8 that provides protection against the financial exploitation of adults by providing guidance for governmental and third-party disclosures, immunity for those disclosures, details when delaying disbursements or transactions and immunity for doing

so may take place, training requirements, and the confidentiality of records during the investigation. Financial exploitation of adults has grown more sophisticated and the Insurance Division aids Iowans in which suspected instances of financial exploitation can be investigated promptly. The Consumer Advocate is in support of all of these vital consumer protections.

The Consumer Advocate will continue working with all areas of the Iowa Insurance Division throughout 2021 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 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 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, looped 'S' at the beginning.

Sonya M. Sellmeyer
Consumer Advocacy Officer
Iowa Insurance Division
Office: (515) 654-6538
sonya.sellmeyer@iid.iowa.gov

Appendix A: 2020 Complaint and Inquiry Statistics for Iowa, Missouri and Kansas for comparison

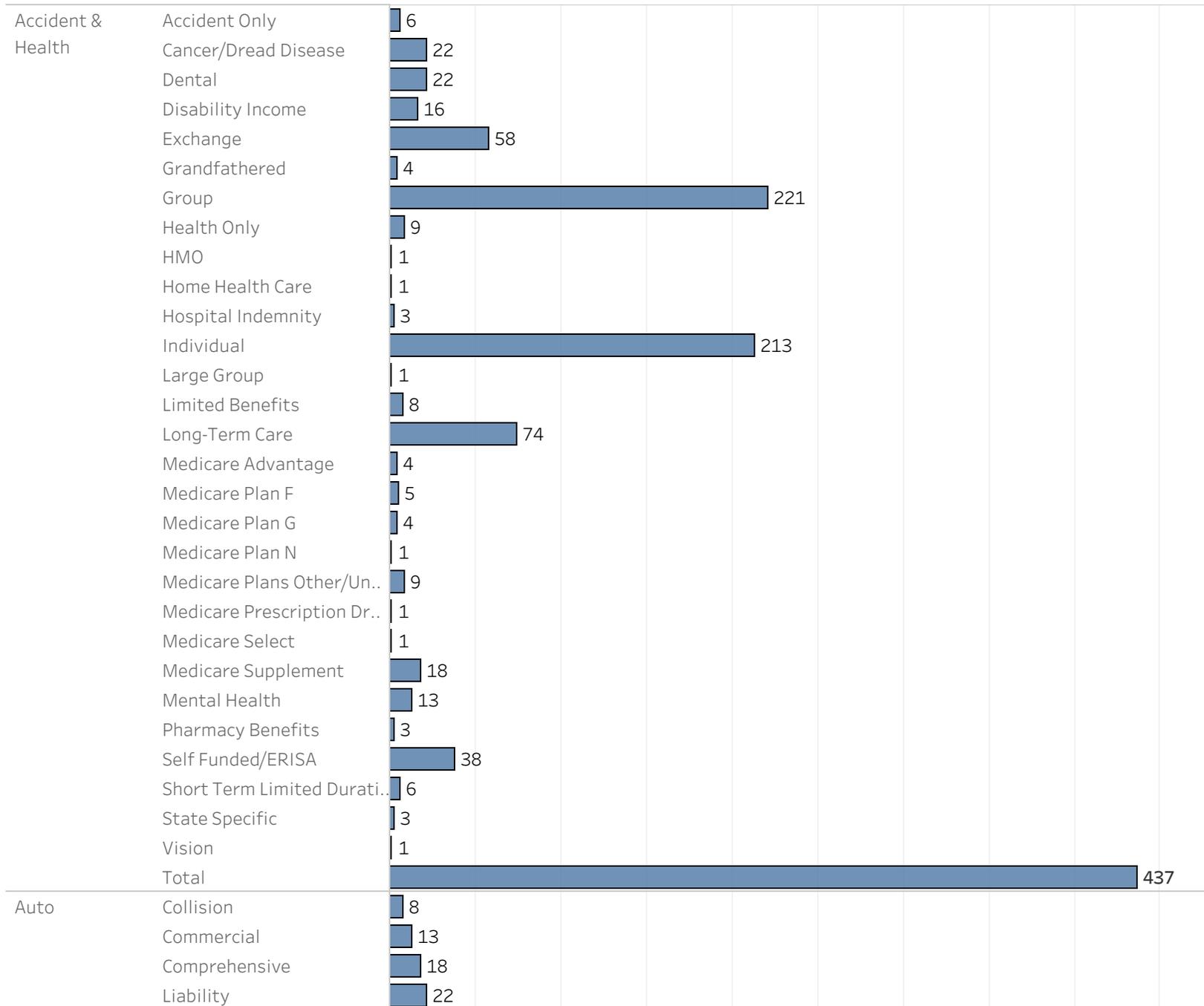
The following statistics show the efforts of the Iowa Insurance Division and their handling of consumer complaints. Statistics for Missouri and Kansas were also obtained per Iowa Code §505.8(6)(b)(6)(c). Statistics are current as of December 10, 2020.

2020 Insurance Complaints Iowa, Missouri, and Kansas

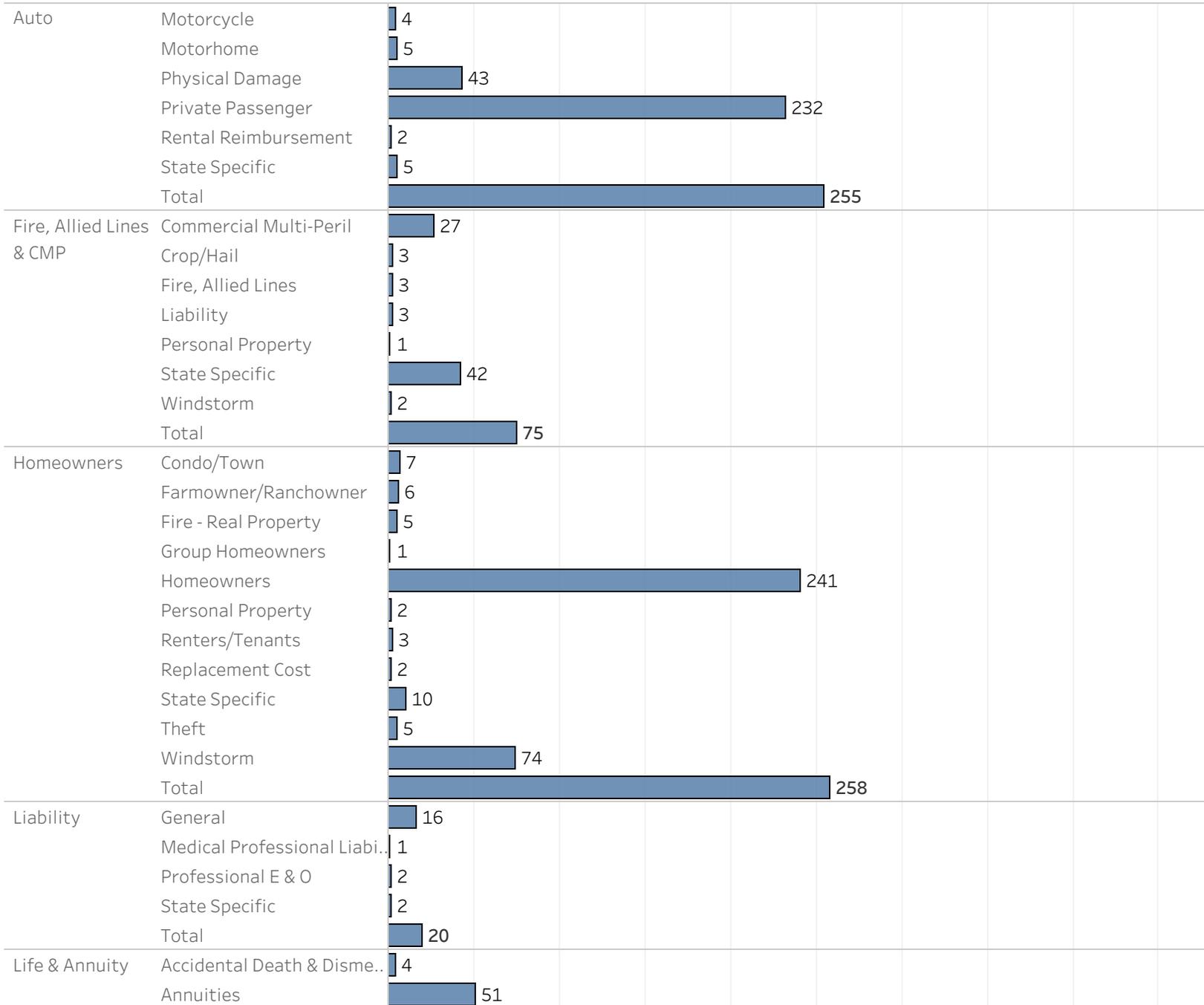
Line of Insurance	Closed Iowa Complaints	Closed Missouri Complaints	Closed Kansas Complaints
Auto	255	480	820
Fire, Allied Lines	75	39	596
Homeowners	258	252	44
Life, Annuity	243	230	274
Accident, Health	437	836	20
Liability	20	19	255
Miscellaneous	55	88	77
Totals Complaints	1,343	1,944	2,086
Confirmed Complaints	16%	30%	11%
Unconfirmed Complaint	84%	70%	89%

Attachment A Iowa Complaints 2020 1,343 84% not confirmed, 16% confirmed

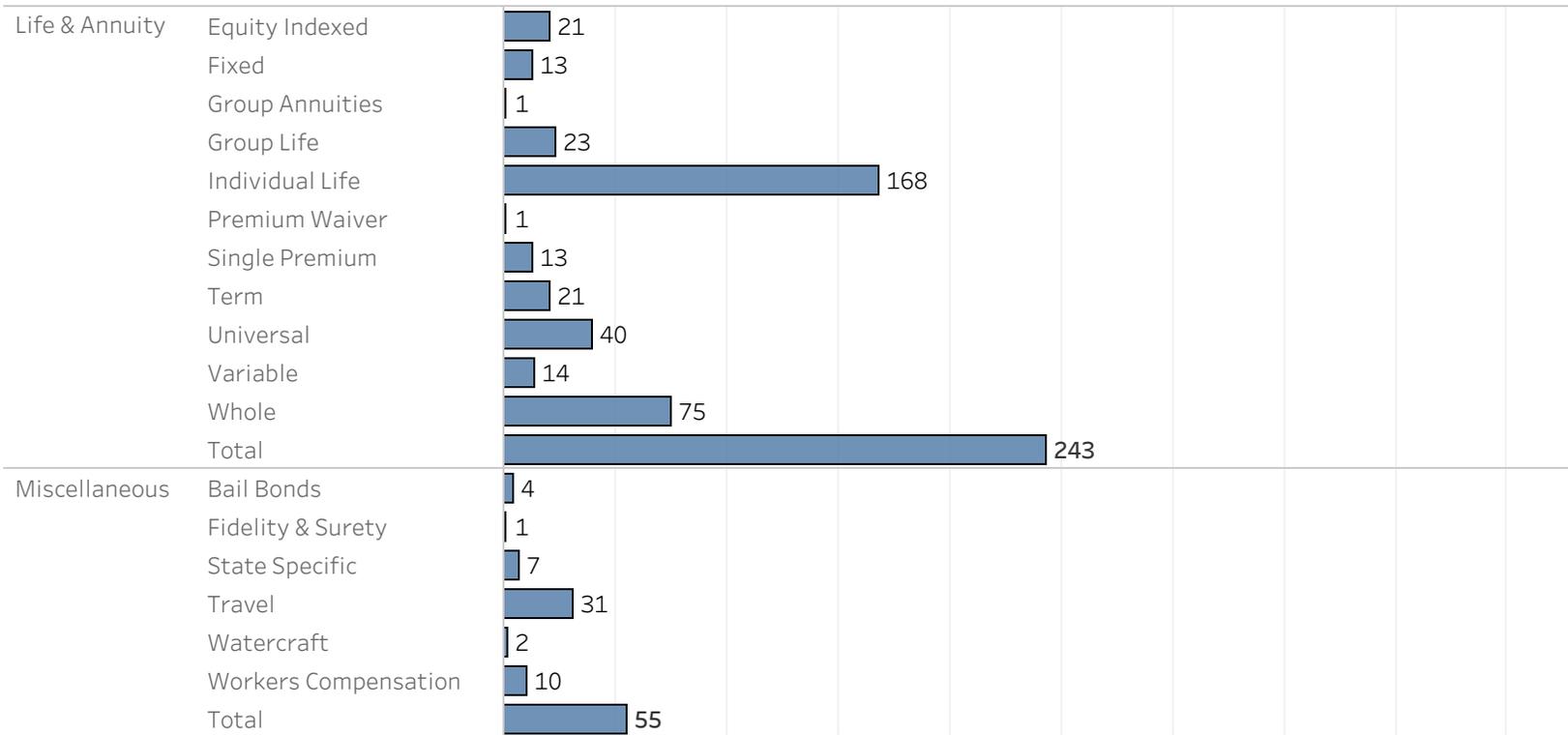
Iowa 2020 Complaints First and Second Level By Coverages



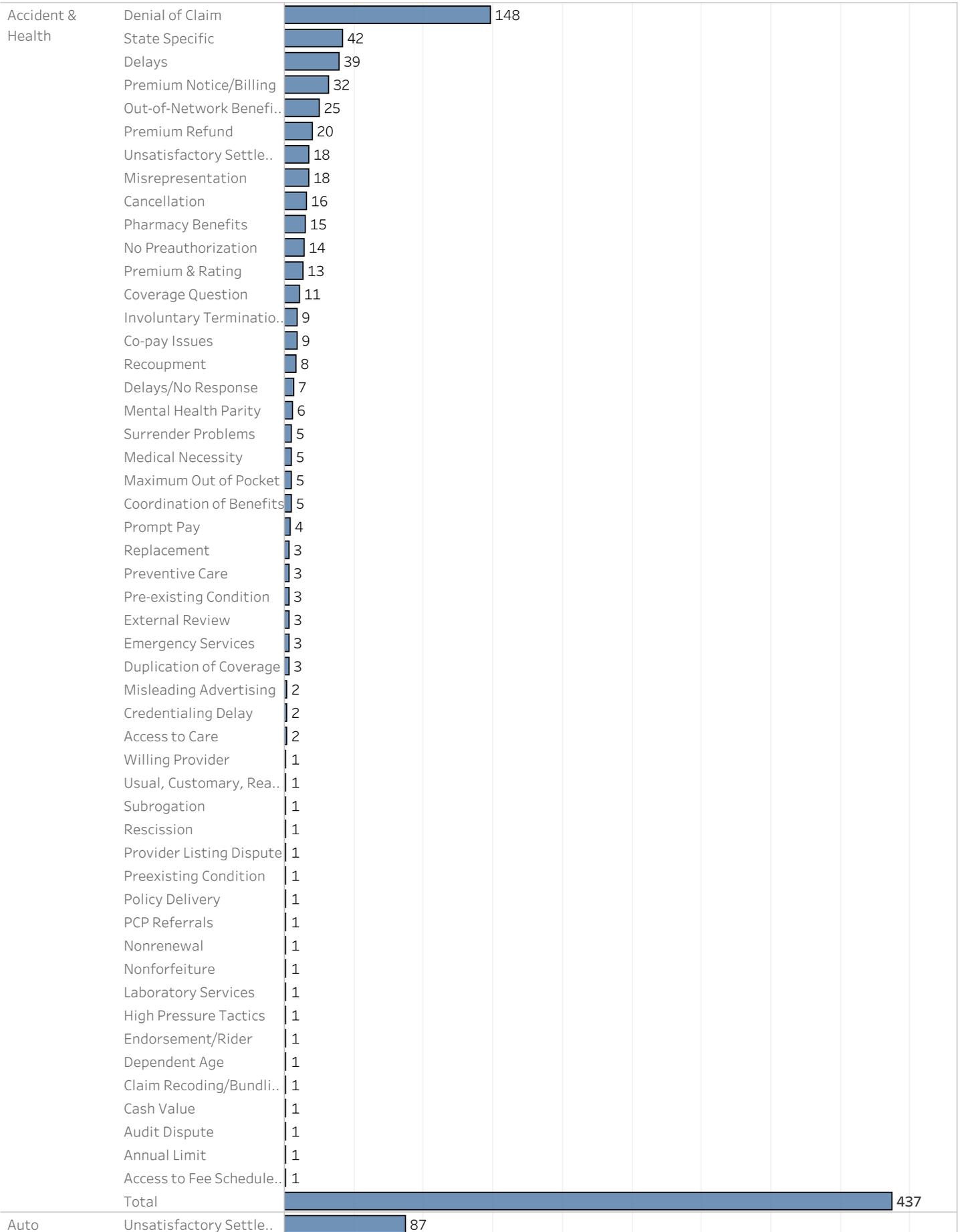
Iowa- First and Second Level Coverages



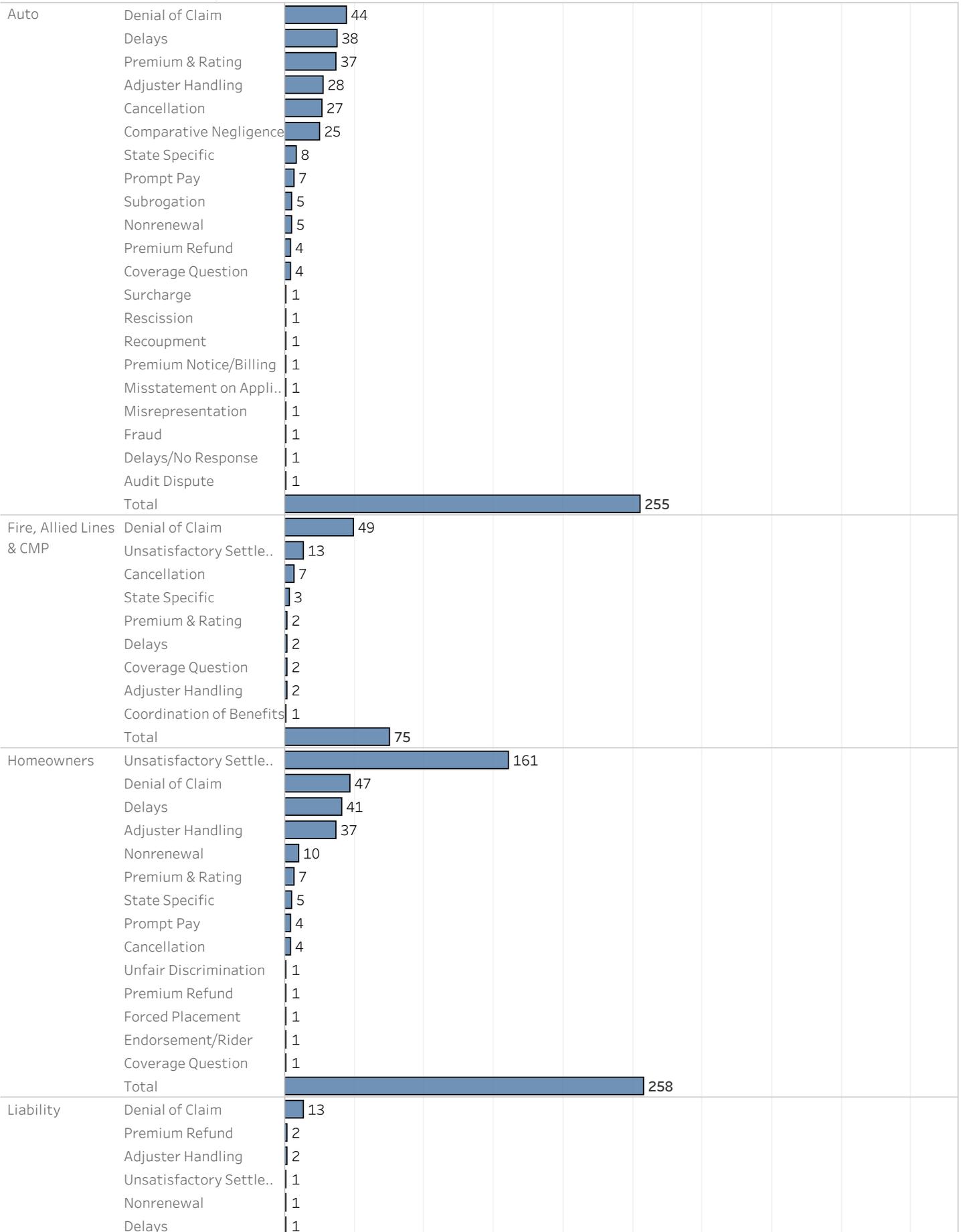
Iowa- First and Second Level Coverages



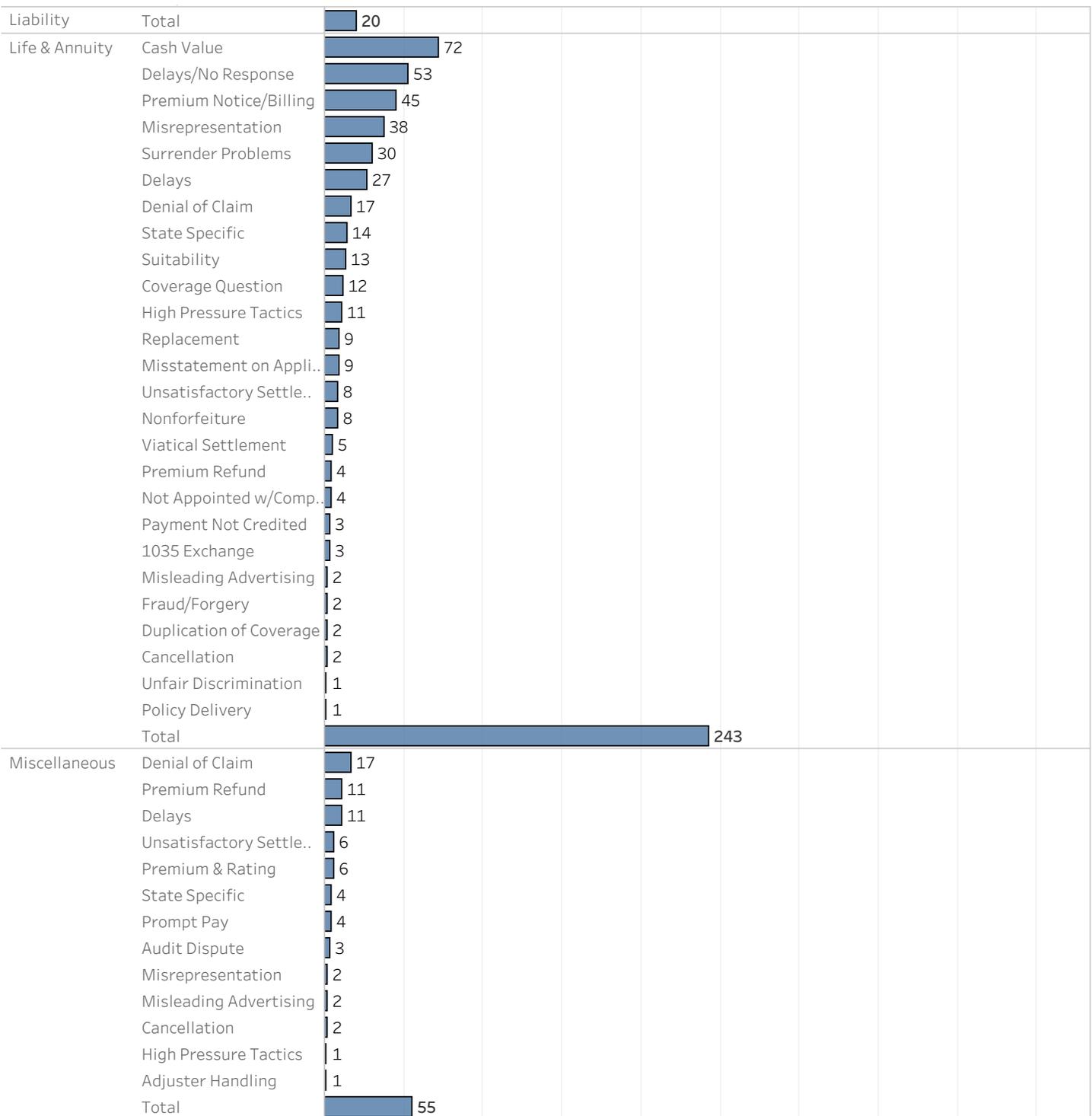
2020 Iowa Reason for Complaint



Reason for Complaint



Reason for Complaint



Iowa Complaint Disposition

Action (Complaint Type Description (Complaint Item1))

	Accident & Health	Auto	Fire, Allied Lines & CMP	Homeowners	Liability	Life & Annuity	Miscellaneous
Claim Reopened	6			1			
Claim Settled	58	56		56	1	11	8
Company Position Overturned	47	13	3	24			7
Company Position Upheld	301	271	66	241	17	5	30
Complaint Withdrawn	10	2	2	5			
Compromised Settlement/Re..	118	22	6	62	5	132	18
Contract Provision/Legal Iss..	161	87	6	169	1	257	5
Insufficient Information	8	2		3			2
No Action Requested/Requir..	26	5				17	1
No Jurisdiction	165	6	4	1	1	34	2
Referred for Disciplinary Act..					1	3	2
Referred to Another Depart..	5		1			2	
Referred to Proper Agency	2						
State Specific	50	3				5	2
Grand Total	957	467	88	562	26	466	77