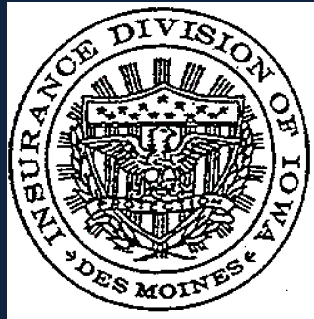


The State of Iowa  
2010

# Consumer Advocate Bureau Report



Prepared and Submitted to the 84<sup>th</sup> Iowa General Assembly

January 15<sup>th</sup>, 2010

Insurance Division of Iowa

*The Iowa Insurance Commissioner, in cooperation with the Consumer Advocate Bureau submits the following annual report pursuant to Iowa Code section 505.8.*

I. Background

The Consumer Advocate Bureau was established in 2008 under Iowa Code section 505.8, subsection 6. The Consumer Advocate Bureau is currently comprised of one person, the Consumer Advocate. To aid in completing the functions of the Consumer Advocate Bureau, the Consumer Advocate has utilized the resources and expertise of the other Bureaus of the Insurance Division or regulator associations.

The Consumer Advocate, Angel Robinson, was appointed by the Commissioner in November 2008. The salary and benefits of the Consumer Advocate position is \$78,000. Based upon state budgetary considerations, no budget changes are presented for Fiscal Year 2011.

II. 2009 Activities

The activities of the Consumer Advocate Bureau in 2009 have focused on three main areas: 1) consumer complaint assistance, 2) education and outreach, and 3) studies and projects.

A. Consumer Complaints

In the area of complaint assistance, the Consumer Advocate Bureau has begun reviewing closed complaint files as a form of appeal, when requested by the consumers. In 2009 the Consumer Advocate Bureau provided assistance to 82 consumers with consumer complaints and inquires. Consumer assistance efforts in 2009 have not required any administrative action recommendations from the Consumer Advocate.

B. Outreach and Education

In addition to speaking opportunities, the Consumer Advocate Bureau's consumer education and outreach broadly focused on three areas: flood mitigation, long term care, and developing a new consumer friendly

website. Flood mitigation outreach education has been conducted with the Division, the Iowa Department of Natural Resources, and the Rebuild Iowa Office. 2009 flood outreach included a March Flood Awareness Month, participation in multiple community information based Flood Forums, and the development of a multi-year flood outreach plan that has received \$216,000 in federal funding. Long term care outreach was conducted from June – August 2009 in a series of Town Hall Meetings. The Town Hall Meetings, presented in conjunction with the Division's senior specialists, provided an opportunity for consumers to learn more about long term care during a presentation and to ask questions. In October 2009 the Consumer Advocate Bureau website was completed. The website was developed to be a consumer centered and user friendly website. The information provided on the website includes all areas served by the Commissioner of Insurance. The website provides education materials, alerts, public records, and an outreach calendar. The Consumer Advocate provides regular update for the website, in order to maintain current content

#### C. Special Studies and Reports

The Consumer Advocate Bureau studies and projects in 2009 included a update on the recommendations for the Insurance Division's complaint handling process. Another study, as requested by the Commissioner, regarded credit based insurance scoring. A report on the finding and recommendations based on the study will be provided to the Commissioner. The last study performed in 2009 regarded the external review program. Results and recommendations for external review have been submitted to the Commissioner for consideration.

### III. Recommendations

No staffing, funding, or legislative changes are proposed to the General Assembly at this time. However, recommendations from the Consumer Advocate regarding improvements to the Insurance Division's complaint handling system are being reviewed by the Commissioner.

### IV. Conclusion

The Commissioner thanks the Consumer Advocate, Angel Robinson, for her work during 2009. In addition, the Commissioner thanks the Governor and the legislature for their continued support of the overall mission of the Division and our goal to protect consumers.

The Commissioner is happy to provide further information upon request as to any of the consumer activities of the office or any other function or duty of the Iowa Insurance Division.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Susan E. Voss". The signature is written in black ink and is positioned below the text "Respectfully Submitted,".

Susan E. Voss  
Commissioner of Insurance

*Appendix A: Iowa Code § 505.8(6)(b)et seq. – The Consumer Advocate Bureau*

b. The commissioner shall establish a bureau, to be known as the “consumer advocate bureau”, which shall be responsible for ensuring fair treatment of consumers and for preventing unfair or deceptive trade practices in the marketplace by persons under the jurisdiction of the commissioner. The commissioner, with the advice of the governor, shall appoint a consumer advocate who shall be knowledgeable in the area of insurance and particularly in the area of consumer protection.

c. The consumer advocate bureau shall receive and may investigate consumer complaints and inquiries from the public, and shall conduct investigations to determine whether any person has violated any provision of the insurance code, including chapters 507B and 522B, and any provisions related to the establishment of insurance rates.

d. When necessary or appropriate to protect the public interest or consumers, the consumer advocate may request that the commissioner conduct administrative hearings as provided in section 505.29.

e. The consumer advocate bureau shall perform other functions as may be assigned to it by the commissioner related to consumer advocacy.

f. The consumer advocate bureau shall work in conjunction with other areas of the insurance division on matters of mutual interest. The insurance division shall cooperate with the consumer advocate in fulfilling the duties of the consumer advocate bureau. The consumer advocate may also seek assistance from other federal or state agencies or private entities for the purpose of assisting consumers.

g. The commissioner, in cooperation with the consumer advocate, shall prepare and deliver a report to the general assembly by January 15 of each year that contains findings and recommendations regarding the activities of the consumer advocate bureau including but not limited to all of the following:

(1) An overview of the functions of the bureau.

(2) The structure of the bureau including the number and type of staff positions.

(3) Statistics showing the number of complaints handled by the bureau, the nature of the complaints including the line of business involved and their disposition, and the disposition of similar issues in other states.

(4) Actions commenced by the consumer advocate.

(5) Studies performed by the consumer advocate.

(6) Educational and outreach efforts of the consumer advocate bureau.

(7) Recommendations from the commissioner and the consumer advocate about additional consumer protection functions that would be appropriate and useful for the bureau or the insurance division to fulfill based on observations and analysis of trends in complaints and information derived from national or other sources.

(8) Recommendations from the commissioner and the consumer advocate about any needs for additional funding, staffing, legislation, or administrative rules.

## *Appendix B: 2009 Complaint and Inquiry Statistics for Iowa*

As part of the duties of the Consumer Advocate Bureau, assistance was provided to consumers individually with questions or problems with insurance, securities, and regulated industries. Statistics for the Consumer Advocate Bureau are now incorporated into the Division's statics for other bureaus as the Consumer Advocate generally works with closed complaints or monitors the complaints of others. Specifically, monitored complaints are complaints or inquiries that have been investigated by another bureau, but the consumer has sought out the services of the Consumer Advocate to provide updates on the status of their file or to provide additional clarification on correspondence. The Consumer Advocate reviewed complaints are closed complaints that the consumer has requested an appeal for additional assistance or are pursued as a new complaint upon the discretion of the Consumer Advocate.

The following statistics are the total services provided to consumers in all areas serviced by the Division. For convenience statistics showing the efforts of each bureau handling complaints is provided. Consumer Advocate statistics have been identified specifically, but are not counted separately in the complaint totals in order to avoid duplication and provide accuracy.

### **Total Summary of Division Complaints and Inquiries**

Insurance Complaints:	1,863
Insurance Inquiries:	4,774
Securities / Regulated Industries Complaints:	101
Securities / regulated Industries Complaint Inquiries:	170

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2009 Total Consumer Complaints / Inquiries Served: 6,908



## Insurance Complaints

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Inquiries</u>
351	Auto	4,774
42	Fire, Allied Lines	
234	Homeowners	
322	Life, Annuity	
784	Accident, Health	
12	Liability	
<u>118</u>	Miscellaneous	
1,863	Total	

### Line of Insurance

Reason for Complaint	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	54	9	42	19	120	1	24
Marketing and Sales	12	5	18	99	44	2	55
Claim Handling	311	39	172	58	556	11	46
Policyholder Service	36	6	39	208	187	0	27

**Disposition of Insurance Complaints**

Policy not in force	9	Referred to market conduct	0	ERISA complaint	7
Policy issued/ restored	0	Referred to proper agency	28	Apparent unlicensed activity	0
Advised complainant	375	Referred to rates/contacts	0	Deductible refunded	0
Compromised					
settlement/resolution	54	Referred to another department	9	Forfeiture	0
Additional payment	19	Appointed	0	Referred for disciplinary action	40
Refund	93	Licensed	0	Question of fact	207
Entered into					
arbitration/mediation	2	Advertising withdrawn/amended	1	Rating problem resolved	5
Coverage extended	29	Underwriting practice resolved	2	Contract provision/legal issue	283
Unable to assist	38	Information furnished/expanded	74	Company in compliance	248
Claim reopened	32	Delay resolved	94	Company position upheld	222
Cancellation upheld	1	Fine	0	Endorsement processed	2
Nonrenewal upheld	3	Cancellation notice withdrawn	0	No jurisdiction	212
Claim settled	204	Nonrenewal notice rescinded	0	Recovery	39
Filed suit/retained attorney	8	Nonforfeiture problem resolved	2	Insufficient Information	44
No action requested/required	103	Premium problem resolved	22	Other	202



## Securities and Regulated Industries Complaints

### Closed Complaints

101

Total

### Inquiries

170

### Disposition of Complaints

Policy not in force	1	Referred to market conduct	0	ERISA complaint	0
Policy issued/ restored	1	Referred to proper agency	14	Apparent unlicensed activity	0
Advised complainant Compromised	6	Referred to rates/contacts	0	Deductible refunded	0
settlement/resolution	1	Referred to another department	7	Forfeiture	0
Additional payment	0	Appointed	0	Referred for disciplinary action	11
Refund	5	Licensed	1	Question of fact	1
Entered into arbitration/mediation	0	Advertising withdrawn/amended	3	Rating problem resolved	0
Coverage extended	1	Underwriting practice resolved	0	Contract provision/legal issue	0
Unable to assist	32	Information furnished/expanded	2	Company in compliance	1
Claim reopened	1	Delay resolved	3	Company position upheld	2
Cancellation upheld	0	Fine	0	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	7
Claim settled	4	Nonrenewal notice rescinded	0	Recovery	4
Filed suit/retained attorney	1	Nonforfeiture problem resolved	0	Insufficient Information	9
No action requested/required	16	Premium problem resolved	0	Other	45



### Consumer Advocate Monitored and Investigated Complaints

(provided statistics are also integrated into Insurance, securities, and regulated industries totals)

Closed Complaints	Line of Insurance	Inquiries
5	Auto	3
1	Fire, Allied Lines	
8	Homeowners	
6	Life, Annuity	
19	Accident, Health	
1	Liability	
2	Miscellaneous	
42	Total	

Reason for Complaint	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	5	0	6	0	4	1	0
Marketing and Sales	0	0	0	2	3	0	2
Claim Handling	1	2	3	0	15	0	2
Policyholder Service	0	0	0	5	3	0	0

**Disposition of Consumer Advocate Monitored  
Complaints**

Policy not in force	0	Referred to market conduct	0	ERISA complaint	0
Policy issued/ restored	0	Referred to proper agency	0	Apparent unlicensed activity	0
Advised complainant	2	Referred to rates/contacts	0	Deductible refunded	0
Compromised settlement/resolution	0	Referred to another department	0	Forfeiture	0
Additional payment	0	Appointed	0	Referred for disciplinary action	0
Refund	0	Licensed	0	Question of fact	0
Entered into arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	
Coverage extended	0	Underwriting practice resolved	0	Contract provision/legal issue	2
Unable to assist	0	Information furnished/expanded	0	Company in compliance	4
Claim reopened	0	Delay resolved	0	Company position upheld	0
Cancellation upheld	0	Fine	0	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	0
Claim settled	0	Nonrenewal notice rescinded	0	Recovery	0
Filed suit/retained attorney	0	Nonforfeiture problem resolved	0	Insufficient Information	0
No action requested/required	1	Premium problem resolved	0	Other	0

### Consumer Advocate Reviewed Complaints

(provided statistics are also integrated in the insurance, securities, and regulated industries totals)

<u>Closed Complaints</u>	<u>Line</u>	<u>of</u>	<u>Inquiries</u>
2	Auto		
0	Fire, Allied Lines		
2	Homeowners		
2	Life, Annuity		
7	Accident, Health		
0	Liability		
0	Miscellaneous		
13	Total		24

<b>Reason for Complaint</b>	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	2	0	1	1	1	0	0
Marketing and Sales	0	0	0	1	0	0	0
Claim Handling	2	0	3	0	13	0	0
Policyholder Service	0	0	1	0	0	0	0



## Disposition of Consumer Advocate Reviewed Complaints

Policy not in force	0	Referred to market conduct	0	ERISA complaint	0
Policy issued/ restored	0	Referred to proper agency	0	Apparent unlicensed activity	0
Advised complainant	5	Referred to rates/contacts	0	Deductible refunded	0
Compromised settlement/resolution	2	Referred to another department	0	Forfeiture	0
Additional payment	1	Appointed	0	Referred for disciplinary action	0
Refund	1	Licensed	0	Question of fact	0
Entered into arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	1
Coverage extended	1	Underwriting practice resolved	0	Contract provision/legal issue	0
Unable to assist	0	Information furnished/expanded	6	Company in compliance	0
Claim reopened	3	Delay resolved	1	Company position upheld	0
Cancellation upheld	0	Fine	0	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	1
Claim settled	2	Nonrenewal notice rescinded	0	Recovery	3
Filed suit/retained attorney	0	Nonforfeiture problem resolved	0	Insufficient Information	0
No action requested/required	0	Premium problem resolved	1	Other	0



### *Appendix C: 2008 Comparative Complaint Data for Selected States*

Based on various characteristics such as population, location, and insurance market, ten states were asked to share complaint statistics. As of the submission of this report, the following states shared 2008 complaint data as courtesy to the Iowa Insurance Division: Louisiana, Missouri, Minnesota, and Connecticut. The state of Louisiana provides complaint statistics from another Department of Insurance's Consumer Advocate's office. Missouri and Minnesota's complaint statistics provide a picture of the annual complaints from neighboring states. With a population of around 3,500,000, the state of Connecticut provides complaint statistics from an Insurance Department that serves a similarly sized population.

Special thanks are given to the insurance departments from the participating four states, whose assistance aided in the completion of this report.

#### Louisiana Office of Consumer Advocacy FY 2008 Complaints

Type of Complaint	Number of complaints	Percentage of Complaints
Property and Casualty	69	73%
Health	16	17%
Life and Annuity	10	11%
Total Complaints	95	

## Missouri 2008 Insurance Complaints

<b>Closed Complaints</b>	<b>Line of Insurance</b>	<b>Inquiries</b>
1003	Auto	n/a
120	Fire, Allied Lines	n/a
567	Homeowners	n/a
413	Life, Annuity	n/a
1312	Accident, Health	n/a
28	Liability	n/a
69	Miscellaneous	n/a
<b>3812**</b>	<b>Total **</b>	<b>3015**</b>

\*\* Missouri completed a data migration of historical complaint, inquiry and enforcement information to SBS in November, 2009. Missouri began using the SBS complaint and enforcement modules on November 18, 2009. Due to systems and coding issues, some historical data was NOT migrated to SBS. The data responsive to this request has been obtained from the data actually migrated to SBS from our former internal data system. Accordingly, some of the detailed count information provided herein varies from official totals. Inquiries were not coded for Line of Insurance in our legacy data system, accordingly, detailed information by LOI is not available. The number of inquiries reflects the total number of inquiries closed in 2008.

### **Line of Insurance**

<b>Reason for Complaint</b>	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	82	9	69	2	16	5	39
Marketing and Sales	1	0	1	0	4	0	0
Claim Handling	830	102	457	329	1185	19	24
Policyholder Service	90	9	40	82	108	4	6



**Disposition of Complaints**

Policy not in force	0	Referred to market conduct	0	ERISA complaint	0
Policy issued/ restored	36	Referred to proper agency	8	Apparent unlicensed activity	0
Advised complainant	153	Referred to rates/contacts	0	Deductible refunded	6
Compromised settlement/resolution	155	Referred to another department	0	Forfeiture	0
Additional payment	138	Appointed	0	Referred for disciplinary action	0
Refund	102	Licensed	0	Question of fact	415
Entered into arbitration/mediation	2	Advertising withdrawn/amended	0	Rating problem resolved	12
Coverage extended	140	Underwriting practice resolved	3	Contract provision/legal issue	341
Unable to assist	44	Information furnished/expanded	414	Company in compliance	3
Claim reopened	48	Delay resolved	138	Company position upheld	779
Cancellation upheld	26	Fine	0	Endorsement processed	2
Nonrenewal upheld	15	Cancellation notice withdrawn	3	No jurisdiction	82
Claim settled	590	Nonrenewal notice rescinded	7	Recovery	31
Filed suit/retained	12	Nonforfeiture problem	0	Insufficient Information	25

attorney

resolved

No  
requested/required

action

2

Premium problem resolved

78

Other

1





Minnesota 2008 Insurance Complaints

<u>Closed Complaints</u>	<u>Line of Insurance</u>
632	Auto
40	Fire, Allied Lines
586	Homeowners
348	Life, Annuity
1,319	Accident, Health
74	Liability
<u>480</u>	Miscellaneous
<b>3,479</b>	Total

**Line of Insurance**

Reason for Complaint	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	121	5	106	32	145	6	16
Marketing and Sales	48	6	27	180	304	2	126
Claim Handling	409	33	444	36	686	59	55
Policyholder Service	80	10	48	165	239	12	55



## Disposition of Minnesota Complaints

Policy not in force	12	Referred to market conduct	4	ERISA complaint	34
Policy issued/restored	36	Referred to proper agency	13	Apparent unlicensed activity	0
Advised complainant	28	Referred to rates/contacts	1	Deductible refunded	2
Compromised settlement/resolution	38	Referred to another department	22	Forfeiture	0
Additional payment	29	Appointed	0	Referred for disciplinary action	17
Refund	17	Licensed	216	Question of fact	241
Entered arbitration/mediation	3	Advertising withdrawn/amended	2	Rating problem resolved	1
Coverage extended	47	Underwriting practice resolved	2	Contract provision/legal issue	82
Unable to assist	34	Information furnished/expanded	1,031	Company in compliance	406
Claim reopened	39	Delay resolved	4	Company position upheld	268
Cancellation upheld	24	Fine	0	Endorsement processed	0
Nonrenewal upheld	11	Cancellation notice withdrawn	17	No jurisdiction	356
Claim settled	31	Nonrenewal notice rescinded	15	Recovery	98
Filed suit/retained attorney	9	Non-forfeiture problem resolved	0	Insufficient information	192
No action requested/required	13	Premium problem resolved	41	Other	115
	3				

## Connecticut 2008 Insurance Complaints

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Inquiries</u>
1918	Property	
371	Casualty	
	Life, Annuity	
	Accident, Health	
2763		
<hr/>		
5052	Total	762

<u>Reason for Complaint</u>	
Underwriting	321
Marketing and Sales	565
Claim Handling Policyholder Service	2439
Other	509
	1486



**Disposition of Connecticut  
Complaints**

Policy not in force	47	Referred to market conduct	25	ERISA complaint	0
Policy issued/ restored	73	Referred to proper agency	728	Apparent unlicensed activity	0
Advised complainant	142	Referred to			
Compromised	7	rates/contacts	0	Deductible refunded	0
settlement/resolution	0	Referred to another department	5	Forfeiture	0
Additional payment	50	Appointed	0	Referred for disciplinary action	391
Refund	70	Licensed	0	Question of fact	15
Entered		Advertising			
arbitration/mediation	8	withdrawn/amended	0	Rating problem resolved	4
Coverage extended	14	Underwriting practice resolved	0	Contract provision/legal issue	514
Unable to assist	0	Information furnished/expanded	0	Company in compliance	8
Claim reopened	7	Delay resolved	0	Company position upheld	736
Cancellation upheld	79	Fine	0	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	23	No jurisdiction	517
Claim settled	840	Nonrenewal notice rescinded	29	Recovery	5
Filed suit/retained attorney	149	Nonforfeiture problem resolved	0	Insufficient Information	31
No action requested/required	318	Premium problem resolved	0	Other	125

*Appendix D: 2009 Comparative National Statistics*

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Reason for Complaint</u>	
64,409	Auto	Underwriting	18,532
63,312	Fire, Allied Lines	Marketing and Sales	5,595
23,209	Homeowners	Claim Handling	80,124
17,668	Life, Annuity	Policyholder Service	22,003
3,532	Accident, Health		
3,370	Liability		
1,822	Miscellaneous		
<b>177,322</b>			

### Disposition of Complaints

Policy not in force	494	Information furnished/expanded	20,805
Policy issued/restored	4,115	Delay resolved	3,030
Advised complainant	12,698	Fine	83
Compromised settlement/ resolution	4,706	Cancellation notice withdrawn	1,062
Additional payment	4,649	Nonrenewal notice rescinded	666
Refund	4,035	Non-forfeiture problem resolved	15
Entered arbitration/ mediation	1,397	Premium problem resolved	2,698
Coverage extended	2,043	ERISA complaint	1,499
Unable to assist	602	Apparent unlicensed activity	15
Claim reopened	1,317	Deductible refunded	66
Cancellation upheld	488	Forfeiture	3
Nonrenewal upheld	296	Referred for disciplinary action	1,190
Claim settled	18,757	Question of fact	15,546
Filed suit/retained attorney	776	Rating problem resolved	435
No action requested/required	853	Contract provision/legal issue	9,912
Referred to another department	880	Company in compliance Company position	2,930
Referred to proper agency	279	upheld	6,622
Referred to rates/contacts	3	Endorsement processed	77
Referred to market conduct	706	No jurisdiction	1,868
Appointed	2	Recovery	4,245
Licensed	1	Insufficient information	297
Advertising withdrawn/amended	189	Other	5,175
Underwriting practice resolved	593		



