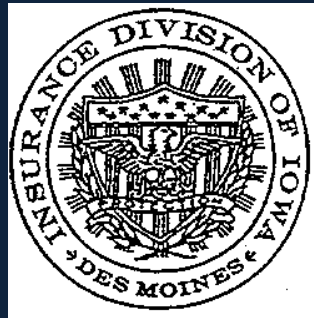


The State of Iowa  
2011

# Annual Consumer Advocate Bureau Report



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

January 15<sup>th</sup>, 2011

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 (the Bureau) was established in 2008 under Iowa Code section 505.8, subsection 6. The Bureau is currently comprised of one person, the Consumer Advocate. The Consumer Advocate, Angel Robinson, was appointed by the Commissioner in November 2008. The Consumer Advocate will be joined by and will supervise in 2011 additional staff funded by a federal grant. The grant funded staff, two compliance officers and an administrative assistant, will provide consumer assistance in the areas related to the federal Accountable Care Act. The Consumer Assistance Program Grant has provided the funding for the additional staff until October 2011, the end of the grant term.

II. 2010 Activities

The functions of the Bureau include outreach, assisting with or providing policy recommendations, aiding consumers with insurance inquires and complaints, and recommending cases for administrative action. To further these functions, the activities of the Bureau in 2010 have focused on three main areas: 1) consumer complaint assistance, 2) education and outreach, and 3) aiding in the implementation of state and federal insurance reforms. The activities of the Bureau in 2010 did not include any additional studies for review.

A. Consumer Complaints

In the area of complaint assistance, the Bureau has initiated complaint procedures and when requested by consumers, reviewed closed complaint files as a form of appeal. In 2010 the Bureau directly provided assistance to 72 consumers with complaints and inquires regarding insurance and securities. Consumer assistance efforts in complaints have necessitated administrative action recommendations from the Consumer Advocate against two entities in 2010. The fines and penalties in both cases are currently pending final negotiation, but recovery and reimbursement of funds paid directly to consumers in the administrative actions have so far totaled over \$ 151,562.

B. Outreach and Education

Flood mitigation outreach education has been a major outreach area for the Bureau. The flood outreach has been conducted with the Insurance Division, the Iowa Department of Natural Resources, the Rebuild Iowa Office, and the Iowa Department of

Homeland Security & Emergency Management. The 2010 flood outreach included the annual March Flood Awareness Month, co-sponsorship of a flood symposium (an academic and community based informative presentation and panel), and the continued development of a multi-year flood outreach plan that has received \$216,000 in federal funding. The Consumer Advocate also participated in a series of consumer outreach seminars entitled Live Well, Plan Well, conducted from June – November 2010. Live Well, Plan Well, hosted by the Insurance Division in conjunction with the Department of Aging, presented an educational opportunity for Iowans to learn about issues and concerns that are commonly faced when living in retirement or caring for a loved one in retirement. Additional outreach opportunities provided included maintaining a consumer friendly website providing information on all areas served by the Consumer Advocate, public speaking events, and educational press releases for the public regarding changes in federal healthcare laws.

C. Changes in State and Federal Insurance Laws

2010 changes in insurance laws, at both the state and federal levels, have provided an opportunity for the Bureau to aid in implementation. State changes to insurance law created an opportunity for the Consumer Advocate to participate in a healthcare cost reduction committee, collaborate with the Commissioner of Insurance on a report regarding health care costs, and aiding consumers and the public during the new rate increase hearing process. Federal insurance laws have expanded requiring new rights and responsibilities for consumers and insurance companies. The Bureau has participated in weekly conference calls for the planning and implementation of the new laws and provided public education to consumers directly and through consumer advocacy groups regarding the changes in laws and its affect on consumers. Additionally, the Iowa Insurance Division applied for and received the federal Consumer Assistance Program Grant to expand consumer assistance services related to the Affordable Care Act and the services provided in applicable areas of health insurance. As federal changes to insurance law have been an ongoing process, with continuous new implementation dates set in the future, the Consumer Advocate Bureau will continue to dedicate time and resources to consumer assistance in this area in 2011.

III. Recommendations

a. Budget Recommendations

The current 2010 budget for the Bureau entails an appropriation for only the Consumer Advocate with a salary and benefits totaling \$79,000. The Consumer Assistance Program Grant provided an additional \$338,000 to the Bureau for grant

related health care activities. The grant also allowed for the full funding of three grant related staff. Though the Bureau has received a federal grant, the funding term for the grant ends October 2011. It is requested that that funds are appropriated for the former 2010 grant positions in fiscal year 2011. The total amount requested for the Consumer Advocate Bureau is \$ 259,930. The request would cover the ongoing expenses of staff, such as salary, as all initial costs and equipment for new employees would have been paid by the federal grant. Funding for the three staff members would allow consumer services in the Bureau to continue at the level previously received and expected by lowans. State funding of the positions would also permit the three staff members to expand their consumer assistance capabilities to all of the areas serviced by the Bureau, as opposed to only Affordable Care Act health insurance activities as required by the federal grant. The requested budget is provided below:

<u>Expenses</u>	<u>FTE Positions</u>		<u>Costs</u>
Personnel (Salary and Benefits)	FTE 1	Consumer Advocate	\$ 79,000.00
	FTE 2	Compliance Officer 1	\$ 127,000.00
	FTE 1	Admin Assistant 1	\$ 45,000.00
Worker's Comp			\$ 280.00
Rent		Office Space	\$ 6,250.00
Communication		Phones	\$ 2,400.00
	<b>FTE Total: 4</b> <b>New FTE Positions: 3</b>	<b>Budget Total:</b>	<b>\$ 259,930.00</b>

b. Legislation and Administrative Rules

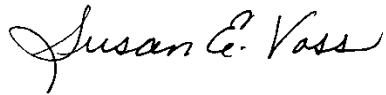
No legislative recommendations are proposed at this time. The Consumer Advocate Bureau will continue working with other areas of the Iowa Insurance Division throughout 2011 to file administrative rules as needed.

#### IV. Conclusion

The Commissioner thanks the Consumer Advocate, Angel Robinson, for her work during 2010. 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 black ink that reads "Susan E. Voss". The signature is written in a cursive, flowing style.

Susan E. Voss  
Commissioner of Insurance

## *Appendix B: 2010 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 a received 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**

Total Complaints (including rate increase complaints):	2344
Total Inquiries (written and phone):	4,474
	<hr/>
Total Consumer Complaints / Inquiries Served:	6,818

## 2011 Insurance Complaints

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Written Inquiries</u>	<u>Phone Inquiries</u>	<u>Rate Increase Complaints</u>
328	Auto	28		
68	Fire, Allied Lines	2		
302	Homeowners	23		
364	Life, Annuity	65		
658	Accident, Health	467		
19	Liability	5		
95	Miscellaneous	52		
53	Other: Regulated Industries	7		
30	Other: Securities	18		
58	Other	392		
<b>1975</b>		<b>1059</b>	<b>3415</b>	<b>369</b>

### Line of Insurance

<b>Reason for Complaint</b>	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	61	6	68	13	62	3	21
Marketing and Sales	20	5	14	187	63	4	35
Claim Handling	293	62	255	4	487	11	40
Policyholder Service	31	7	30	12	155	4	8

**Disposition of Complaints/ Inquiries**

Policy not in force	20	Referred to another department	10	ERISA complaint	6
Policy issued/restored	33	Referred to proper agency	37	Apparent unlicensed activity	0
Advised complainant	611	Preferred to rates/contacts	1	Deductible refunded	1
Compromised resolution	169	Referred to market conduct	0	Forfeiture	0
Additional payment	20	Appointed	1	Referred for disciplinary action	29
Refund	93	Licensed	0	Question of fact	273
Arbitration/mediation	1	Advertising withdrawn/amended	1	Rating problem resolved	5
Coverage extended	15	Underwriting practice resolved	5	Contract provision/legal issue	232
Unable to assist	58	Information furnished/expanded	115	Company in compliance	217
Claim reopened	44	Delay resolved	71	Company position upheld	279
Cancellation upheld	8	Fine	1	Endorsement processed	0
Nonrenewal upheld	3	Cancellation notice withdrawn	0	No jurisdiction	157
Claim settled	210	Nonrenewal notice rescinded	1	Recovery	34
Filed suit/retained attorney	3	Nonforfeiture problem resolved	2	Insufficient information	48
No action requested/required	89	Premium problem resolved	18	Other	155



## Consumer Advocate Complaints

(provided statistics are for monitored and investigated complaints that are also integrated into Insurance, securities, and regulated industries totals)

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Written Inquiries</u>	<u>Monitored Complaints</u>
6	Auto	3	
1	Fire, Allied Lines	0	
12	Homeowners	4	
2	Life, Annuity	1	
14	Accident, Health	16	
1	Liability	0	
1	Miscellaneous	0	
0	Other: Regulated Industries	0	
1	Other: Securities	1	
0	Other	1	
<b>38</b>		<b>26</b>	<b>8</b>

Reason for Complaint	Line of Insurance							
	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous	
Underwriting	5	1	5	1	6	0	0	
Marketing and Sales	0	0	1	0	2	0	0	
Claim Handling	5	0	11	1	8	1	1	
Policyholder Service	1	0	1	0	1	0	0	

**Disposition of Complaints/ Inquiries**

Policy not in force	0	Referred to another department	0	ERISA complaint	3
Policy issued/restored	1	Referred to proper agency	0	Apparent unlicensed activity	0
Advised complainant	18	Preferred to rates/contacts	0	Deductible refunded	0
Compromised resolution	3	Referred to market conduct	0	Forfeiture	0
Additional payment	3	Appointed	0	Referred for disciplinary action	5
Refund	6	Licensed	0	Question of fact	7
Arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	1
Coverage extended	1	Underwriting practice resolved	0	Contract provision/legal issue	4
Unable to assist	0	Information furnished/expanded	13	Company in compliance	6
Claim reopened	2	Delay resolved	1	Company position upheld	2
Cancellation upheld	0	Fine	1	Endorsement processed	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	2
Claim settled	7	Nonrenewal notice rescinded	0	Recovery	7
Filed suit/retained attorney	1	Nonforfeiture problem resolved	0	Insufficient information	6
No action requested/required	1	Premium problem resolved	5	Other	9

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

Based on various characteristics such as population, location, and insurance market, and data bases system used, other states were asked to share complaint statistics. 2010 compliant data was supplied as courtesy to the Iowa Insurance Division from the following states: Louisiana, Missouri, Kansas, North Dakota, and Delaware. The state of Louisiana provides complaint statics from another Department of Insurance's Consumer Advocate's office. Missouri, Kansas and North Dakota's complaint statistics provide a picture of the annual complaints from neighboring states. With a population of around 3,000,000, the state of Delaware provides complaint statistics from an Insurance Department that serves a similarly sized population.

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

#### Louisiana Office of Consumer Advocacy FY 2009 Complaints

(2010 data was not available for Louisiana)

<b>Closed Complaints</b>	<b>Line of Insurance</b>	<b>Closed Inquiries</b>
27	Property/ Casualty	98
7	Health	22
1	Life & Annuity	10
<b>35</b>		<b>130</b>

### Missouri 2010 Insurance Complaints

Closed Complaints	Line of Insurance	Inquiries
955	Auto	20
79	Fire, Allied Lines	7
634	Homeowners	7
443	Life, Annuity	74
1329	Accident, Health	347
26	Liability	2
557	Miscellaneous	2
4023**	Total	459**

**Line of Insurance**

Reason for Complaint	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	73	12	129	26	73	4	26
Marketing and Sales	49	6	90	103	209	11	452
Claim Handling	796	69	400	124	913	12	61
Policyholder Service	91	9	70	209	222	1	20

**Disposition of Complaints**

Policy not in force	25	Referred to market conduct	3	Deductible refunded	6
Policy issued/ restored	37	Referred to proper agency	7	Forfeiture	1
Advised complainant Compromised	304	Referred to another department	4	Referred for disciplinary action	47
settlement/resolution	110	Licensed	92	Question of fact	302
Additional payment	141	Advertising withdrawn/amended	1	Rating problem resolved	9
Refund	133	Underwriting practice resolved	6	Contract provision/legal issue	450
Entered into arbitration/mediation	9	Information furnished/expanded	559	Company in compliance	127
Coverage extended	121	Delay resolved	125	Company position upheld	736
Unable to assist	25	Fine	25	Endorsement processed	2
Claim reopened	31	Cancellation notice withdrawn	6	No jurisdiction	152
Cancellation upheld	47	Nonrenewal notice rescinded	7	Recovery	235
Nonrenewal upheld	19	Premium problem resolved	63	Insufficient Information	35
Claim settled	480			Other	112
Filed suit/retained attorney	23				
No action requested/required	23				

## Kansas 2010 Insurance Complaints

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Written Inquiries</u>
931	Auto	177
70	Fire, Allied Lines	24
537	Homeowners	83
398	Life, Annuity	118
1725	Accident, Health	423
50	Liability	13
112	Miscellaneous	152
0	Other: Regulated Industries	0
0	Other: Securities	0
0	Other	548
<b>3823</b>		<b>1538</b>

### Line of Insurance

Reason for Complaint	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	180	21	236	12	247	4	34
Marketing and Sales	38	4	24	110	150	2	17
Claim Handling	1015	73	484	6	1034	50	128
Policyholder Service	103	7	54	102	519	1	9

**Disposition of Complaints/ Inquiries**

Policy not in force	4	Referred to another department	41	ERISA complaint	374
Policy issued/restored	62	Referred to proper agency	265	Apparent unlicensed activity	35
Advised complainant	893	Preferred to rates/contacts	0	Deductible refunded	5
Compromised resolution	340	Referred to market conduct	1	Forfeiture	0
Additional payment	289	Appointed	0	Referred for disciplinary action	90
Refund	99	Licensed	0	Question of fact	467
Arbitration/mediation	10	Advertising withdrawn/amended	3	Rating problem resolved	7
Coverage extended	98	Underwriting practice resolved	12	Contract provision/legal issue	178
Unable to assist	46	Information furnished/expanded	991	Company in compliance	786
Claim reopened	16	Delay resolved	136	Company position upheld	712
Cancellation upheld	38	Fine	0	Endorsement processed	0
Nonrenewal upheld	15	Cancellation notice withdrawn	12	No jurisdiction	481
Claim settled	308	Nonrenewal notice rescinded	5	Recovery	121
Filed suit/retained attorney	16	Nonforfeiture problem resolved	1	Insufficient information	37
No action requested/required	59	Premium problem resolved	50	Other	383

## North Dakota 2010 Insurance Complaints

<b>Closed Complaints</b>	<b>Line of Insurance</b>	<b>Written Inquiries</b>
82	Auto	523
4	Fire, Allied Lines	35
78	Homeowners	289
15	Life, Annuity	257
40	Accident, Health	1242
6	Liability	41
8	Miscellaneous	77
0	Other: Regulated Industries	0
0	Other: Securities	0
0	Other	30
<b>233</b>		<b>2494</b>

Reason for Complaint	Line of Insurance							
	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous	
Underwriting	7	0	3	3	6	0	0	
Marketing and Sales	2	0	1	5	2	0	3	
Claim Handling	74	4	78	34	41	6	5	
Policyholder Service	5	0	6	204	7	0	1	



**Disposition of Complaints/ Inquiries**

Policy not in force	0	Referred to another department	0	ERISA complaint	0
Policy issued/restored	2	Referred to proper agency	0	Apparent unlicensed activity	0
Advised complainant	4	Preferred to rates/contacts	0	Deductible refunded	1
Compromised resolution	5	Referred to market conduct	0	Forfeiture	0
Additional payment	38	Appointed	0	Referred for disciplinary action	0
Refund	3	Licensed	0	Question of fact	5
Arbitration/mediation	1	Advertising withdrawn/amended	0	Rating problem resolved	0
Coverage extended	17	Underwriting practice resolved	0	Contract provision/legal issue	45
Unable to assist	2	Information furnished/expanded	12	Company in compliance	17
Claim reopened	0	Delay resolved	12	Company position upheld	34
Cancellation upheld	0	Fine	0	Endorsement processed	0
Nonrenewal upheld	1	Cancellation notice withdrawn	1	No jurisdiction	57
Claim settled	24	Nonrenewal notice rescinded	0	Recovery	1
Filed suit/retained attorney	0	Nonforfeiture problem resolved	0	Insufficient information	1
No action requested/required	3	Premium problem resolved	1	Other	4

## Delaware 2010 Insurance Complaints

<u>Closed Complaints</u>	<u>Line of Insurance</u>	<u>Written Inquiries</u>	<u>Phone Inquiries</u>
357	Auto	1183	
8	Fire, Allied Lines	11	
159	Homeowners	435	
76	Life, Annuity	224	
297	Accident, Health	1972	
16	Liability	52	
22	Miscellaneous	93	
0	Other: Regulated Industries	0	
0	Other: Securities	0	
1	Other	122	
<b>936</b>		<b>4092</b>	

### Line of Insurance

Reason for Complaint	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	102	2	45	15	28	6	11
Marketing and Sales	11	2	6	19	21	0	2
Claim Handling	243	5	89	31	346	9	11
Policyholder Service	117	8	54	275	336	4	5

**Disposition of Complaints/ Inquiries**

Policy not in force	26	Referred to another department	21	ERISA complaint	38
Policy issued/restored	11	Referred to proper agency	4	Apparent unlicensed activity	0
Advised complainant	358	Preferred to rates/contacts	2	Deductible refunded	2
Compromised resolution	55	Referred to market conduct	10	Forfeiture	0
Additional payment	40	Appointed	1	Referred for disciplinary action	2
Refund	27	Licensed	0	Question of fact	0
Arbitration/mediation	4	Advertising withdrawn/amended	0	Rating problem resolved	6
Coverage extended	8	Underwriting practice resolved	3	Contract provision/legal issue	14
Unable to assist	80	Information furnished/expanded	386	Company in compliance	162
Claim reopened	7	Delay resolved	11	Company position upheld	217
Cancellation upheld	28	Fine	0	Endorsement processed	4
Nonrenewal upheld	5	Cancellation notice withdrawn	15	No jurisdiction	75
Claim settled	126	Nonrenewal notice rescinded	6	Recovery	0
Filed suit/retained attorney	1	Nonforfeiture problem resolved	0	Insufficient information	10
No action requested/required	225	Premium problem resolved	18	Other	2