

The State of Iowa  
2016

# Annual Consumer Advocate Bureau Report



Prepared and Submitted to the 86<sup>th</sup> Iowa General Assembly

January 15<sup>th</sup>, 2016

Insurance Division of Iowa

## 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 statics of the Bureau. This report is filed in compliance with that annual report requirement.

The Bureau is currently comprised of the Consumer Advocate. The Consumer Advocate, Angel Robinson, was appointed in November 2008. The Consumer Advocate Bureau is required to provide assistance to consumers in all lines of insurance, securities, and regulated industries under the jurisdiction of the Commissioner.

## II. 2015 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 2015 have focused on two main areas: 1) Outreach and Education on a Health Insurance Marketplace grant and assisting consumers with the health insurance rate review process.

### A. Outreach and Education to the Health Insurance Marketplace

In the area of outreach and education, the Consumer Advocate Bureau has focused on assisting consumers with the implementation of the most significant portions of the Affordable Care Act. This included the employer mandate and reporting requirements. The outreach and education included in-person presentations to individuals and businesses, training presentations for affected organizations and stakeholder groups, webinars, tabling events at the state fair and colleges, the creation of educational documents, receiving inquiries and questions from the public and organizations, and bi-weekly conference calls with all interested parties across the state of Iowa. The Bureau was able to assistance to approximately 7,272 through its outreach efforts.

### B. The Health Insurance Rate Review Process

The Consumer Advocate Bureau participated and assisted consumers with their notice and hearing rights associated with health insurance 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). Three such proposed rate increases met this criterion in 2015.

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. All public hearings regarding rate increases were held over the ICN videoconferencing network. 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 [iainsuranceca.wordpress.com](http://iainsuranceca.wordpress.com). A total of 315 consumers participated in submitting comments during the three rate hearings in 2015.

C. Other Consumer Advocate Duties and Responsibilities

In 2015 the Consumer Advocate participated in weekly conference calls on the planning and implementation of the new health laws nationally and provided public education to consumers directly and through consumer advocacy groups regarding the changes to laws, regulations, and the effects those changes have on consumers. Additionally, the Consumer Advocate assists consumers directly with complaint reviews, inquiries, phone calls and emails. In 2015, 44 consumers appealed to the Consumer Advocate for additional insurance complaint review. There were no new administrative actions from the Bureau in 2015 as all disputes were able to be settled with the insurers without additional action.

### III. Recommendations

a. Budget

The current 2016 budget for the Bureau entails an appropriation for only the Consumer Advocate with a salary and benefits. The Consumer Advocate Bureau 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 Advocate Bureau should be reviewed for permanent staffing in 2017 and beyond as this will allow the Consumer Advocate Bureau to maintain a consistent level of customer service to all Iowans that cannot be achieved through temporary grant funds.

b. Legislation and Administrative Rules

The Consumer Advocate Bureau will continue working with other areas of the Iowa Insurance Division throughout 2016 to file administrative rules as needed. The rules would likely include updating the current rate review administrative rules should any changes be made to the rate review statute.

#### IV. Conclusion

The work of the Consumer Advocate Bureau exists to represent and aid Iowa's policy holders. In 2015 all the serves provided by the Bureau have allowed a combined total of 7,631 Iowans to be assist through various programs and functions. The Consumer Advocate, the Consumer Advocate Bureau, and those who work to serve consumers within the Iowa Insurance Division, thanks the Legislature for this opportunity.

Upon request additional information can be provided as to any of the consumer activities of the Consumer Advocate Bureau or any other consumer function or duty of the Iowa Insurance Division.

The following data attachments are respectfully submitted for review.

## *Appendix A: 2015 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 incorporated into the Division's statics for other bureaus as the Consumer Advocate generally works with closed complaints. The Consumer Advocate 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, combined statistics showing the efforts of all bureaus handling complaints is provided. The Consumer Advocate Bureau statistics have been identified specifically above, but are not counted separately in the complaint totals below in order to avoid duplication and provide accuracy.

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

Total Complaints:	<b>1845</b>
Total Inquiries:	<b>677</b>
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Total Consumer Complaints / Inquiries Served:	<b>2522</b>

2015 Insurance Complaints

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	299	17
Fire, Allied Lines	35	3
Homeowners	169	11
Life, Annuity	227	32
Accident, Health	895	211
Liability	33	3
Miscellaneous	57	18
Other: Regulated Industries	81	61
Other: Securities	47	116
Other	2	205
<b>TOTAL</b>	<b>1845</b>	<b>677</b>

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	64	16	74	11	23	9	20
Marketing and Sales	35	8	19	100	67	5	27
Claim Handling	335	24	175	42	747	40	40
Policyholder Service	20	0	8	222	397	1	3
<b>TOTAL</b>	<b>454</b>	<b>48</b>	<b>276</b>	<b>375</b>	<b>1234</b>	<b>55</b>	<b>90</b>

Disposition	Fire, Allied				Accident, Health	Liability	Miscellaneous
	Auto	Lines	Homeowners	Life, Annuity			
Claim Reopened	3	0	2	0	13	1	2
Claim Settled	25	3	8	1	41	2	11
Company Position Overturned	1	0	0	0	1	1	0
Company Position Substantiated	222	26	137	110	296	18	35
Complaint Withdrawn	4	0	0	5	7	0	0
Compromised Settlement	33	3	27	96	259	8	9
Contract Provision/Legal Issue	140	22	97	0	63	15	27
Fine	0	0	0	0	0	0	0
Insufficient Information	14	1	3	18	13	0	3
No Action Requested/Required	21	2	6	19	14	4	5
No Jurisdiction	17	3	4	13	319	4	3
Referred for Disciplinary Action	2	1	0	3	0	0	4
Referred to Another Dept	1	0	1	3	24	0	1
Referred to Proper Agency	3	1	0	1	29	0	1
State Specific	1	0	0	10	20	0	1
<b>TOTAL</b>	<b>487</b>	<b>62</b>	<b>285</b>	<b>279</b>	<b>1099</b>	<b>53</b>	<b>102</b>

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

Based on various characteristics, such as location and data bases system used, other states were asked to share complaint statistics. 2015 complaint data was supplied as courtesy to the Iowa Insurance Division from the states of North Dakota and Kansas. North Dakota and Kansas' complaint statistics provide a picture of the annual complaints from neighboring states.

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



North Dakota 2015 Insurance Complaints

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	60	236
Fire, Allied Lines	5	33
Homeowners	28	85
Life, Annuity	12	104
Accident, Health	29	402
Liability	7	32
Miscellaneous	11	27
Other: Regulated Industries	0	0
Other: Securities	0	0
Other	0	137
<b>TOTAL</b>	<b>152</b>	<b>1056</b>

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	28	9	10	11	38	2	1
Marketing and Sales	9	1	5	38	41	2	10
Claim Handling	282	25	107	14	316	32	26
Policyholder Service	37	14	16	95	171	4	8
<b>TOTAL</b>	<b>356</b>	<b>49</b>	<b>138</b>	<b>158</b>	<b>566</b>	<b>40</b>	<b>45</b>

<b>Disposition</b>	<b>Auto</b>	<b>Fire, Allied Lines</b>	<b>Homeowners</b>	<b>Life, Annuity</b>	<b>Accident, Health</b>	<b>Liability</b>	<b>Miscellaneous</b>
Claim Reopened	1	0	1	0	0	0	0
Claim Settled	14	0	10	4	6	1	0
Company Position Overturned	11	0	8	0	0	1	0
Company Position Substantiated	9	2	5	2	15	1	0
Complaint Withdrawn	0	0	0	0	0	0	0
Compromised Settlement	7	0	5	2	0	0	1
Contract Provision/Legal Issue	3	2	2	4	15	0	0
Fine	0	0	0	0	0	0	0
Insufficient Information	0	0	0	0	0	0	0
No Action Requested/Required	4	0	5	8	11	1	4
No Jurisdiction	20	2	4	0	2	3	2
Referred for Disciplinary Action	4	0	0	2	4	0	3
Referred to Another Dept	0	0	0	0	0	0	0
Referred to Proper Agency	0	0	0	0	0	0	3
State Specific	4	1	0	0	0	1	1
<b>TOTAL</b>	<b>77</b>	<b>7</b>	<b>40</b>	<b>22</b>	<b>53</b>	<b>8</b>	<b>14</b>

Kansas 2015 Insurance Complaints

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	585	48
Fire, Allied Lines	58	5
Homeowners	343	14
Life, Annuity	263	56
Accident, Health	1449	66
Liability	21	4
Miscellaneous	90	34
Other: Regulated Industries	0	0
Other: Securities	0	0
Other	6	942
<b>TOTAL</b>	<b>2815</b>	<b>1169</b>

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	105	18	113	29	131	2	21
Marketing and Sales	27	5	34	107	136	1	19
Claim Handling	614	63	305	84	1186	20	102
Policyholder Service	107	20	88	280	894	2	23
<b>TOTAL</b>	<b>853</b>	<b>106</b>	<b>540</b>	<b>500</b>	<b>2347</b>	<b>25</b>	<b>165</b>

<b>Disposition</b>	<b>Auto</b>	<b>Fire, Allied Lines</b>	<b>Homeowners</b>	<b>Life, Annuity</b>	<b>Accident, Health</b>	<b>Liability</b>	<b>Miscellaneous</b>
Claim Reopened	1	1	2	0	0	0	0
Claim Settled	90	1	28	68	160	0	8
Company Position Overturned	29	2	16	16	186	1	0
Company Position Substantiated	391	44	301	147	390	14	50
Complaint Withdrawn	2	0	0	4	8	1	0
Compromised Settlement	136	11	57	61	279	1	22
Contract Provision/Legal Issue	12	6	8	0	1	4	6
Fine	0	0	0	0	0	0	0
Insufficient Information	4	0	2	13	18	0	0
No Action Requested/Required	11	4	11	112	419	1	2
No Jurisdiction	10	2	4	20	471	1	5
Referred for Disciplinary Action	1	1	3	8	2	1	5
Referred to Another Dept	0	0	1	5	94	0	4
Referred to Proper Agency	3	0	0	2	1	0	0
State Specific	21	4	24	3	42	1	15
<b>TOTAL</b>	<b>711</b>	<b>76</b>	<b>457</b>	<b>459</b>	<b>2071</b>	<b>25</b>	<b>117</b>