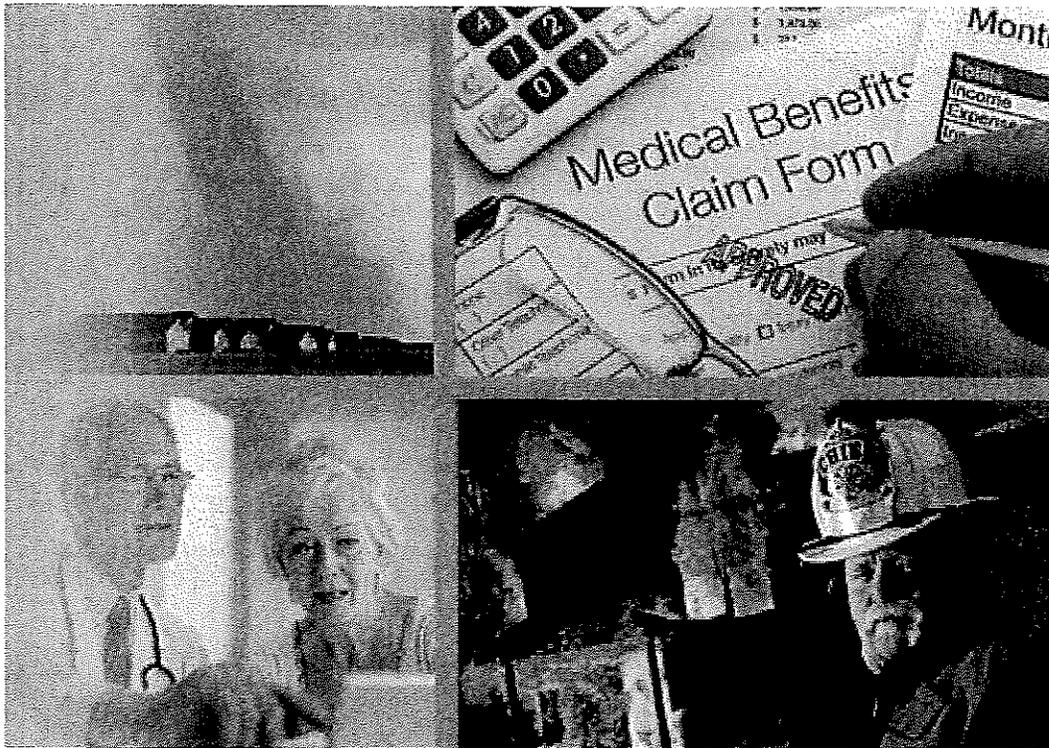




Dora
Department of Regulatory Agencies

Division of Insurance



Legislators' Briefing Materials

January 2013



***Consumer protection
is our mission***

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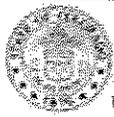
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DORA
Department of Regulatory Agencies

**Division of
Insurance**



Our Mission is Consumer Protection.

The Division of Insurance (DOI) is part of the Department of Regulatory Agencies (DORA). The Division shares the Department's mission statement above, and achieves that mission by focusing on the following.

- Regulating the insurance industry to ensure that insurance companies follow state laws and can afford to pay consumers' claims.
- Permitting and encouraging open competition between insurers on a sound financial basis.
- Ensuring that premiums are appropriate – not excessive, are adequate and are not unfairly discriminatory.
- Working with consumers to answer their questions, helping them understand their insurance and ensuring they receive the benefits for which they have paid.
- Giving consumers the greatest choice of policies at the most reasonable costs possible.
- Develop and present material to help educate Colorado consumers so they can serve as their own best advocates.

Statutory authority for the Division is derived from the Colorado Insurance Code, §10-1-101, C.R.S.

Types of Products Regulated

- Home owners
- Auto
- Property and casualty
- Life
- Credit
- Title
- Pre-need funeral
- Health / HMOs
- Medicare supplemental
- Long-term care
- Bail bonds

Organization of DOI

Finance & Administration Section – Performs review and analysis of corporate licensing and financial information, market activities, and rate and form filings for Colorado licensed insurers and health entities. Also responsible for overseeing financial regulatory matters affecting the Colorado insurance and health marketplace, including reviewing the rates for all licensed insurers and HMOs.

- **Actuarial** - Regulates the loss reserves and premium setting for all Colorado licensed insurers.
- **Corporate Affairs** - Oversees licensing function and financially regulates all non-domestic insurance and non-traditional companies licensed in Colorado.



Dora
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**Division of
Insurance**



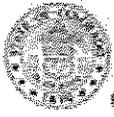
- **Financial Affairs** - Financially regulates all domestic insurance and health entities licensed in Colorado.
- **Financial Examinations** - Performs field audits or examinations for Colorado's domestic insurers and health entities.
- **Market Regulation** – Regulates the marketing and market conduct of the Colorado insurance marketplace.
- **Rates & Forms** - Reviews insurance companies' requests for changes to rates, also known as premiums. Changes to health insurance premiums must be filed and approved by the division before they can be used. This group also reviews the insurance policy forms used in the Colorado marketplace

DOI Consumer Affairs – Has the primary responsibility for handling consumers' insurance complaints, questions and issues. This includes: questions about their coverage, educating them about their rights and responsibilities, investigating allegations of complaints, and ensuring that insurance policy provisions, along with state laws and regulations, are followed.

- **Compliance, Investigations and Licensing** - Investigates complaints to determine whether a consumer's rights under an insurance contract was violated, or if the insurance company has acted inappropriately.
- **Life & Health Insurance Consumer Affairs** – Handle individual consumer complaints and inquiries related to life and health insurance.
- **Property & Casualty Consumer Affairs** - Handle individual consumer complaints and inquiries related to property and casualty insurance.
- **Senior Health Insurance Program (SHIP/SMP)** – A Federal grant program that helps States enhance and support a network of local programs, staff, and volunteers for seniors. Through counseling, education, and outreach, this network of resources provides information and assistance to Medicare beneficiaries and their families to better understand and utilize their Medicare benefits.

Licensed by the Division of Insurance

- Approximately 1,500 companies – including for-profit, non-profit, mutual, captives and self-insurance pools.
- Twenty-four (24) companies account for \$27 billion in premium, more than 50% of the total premium.
- Almost 120,000 producers – 35,000 resident / 85,000 non-resident



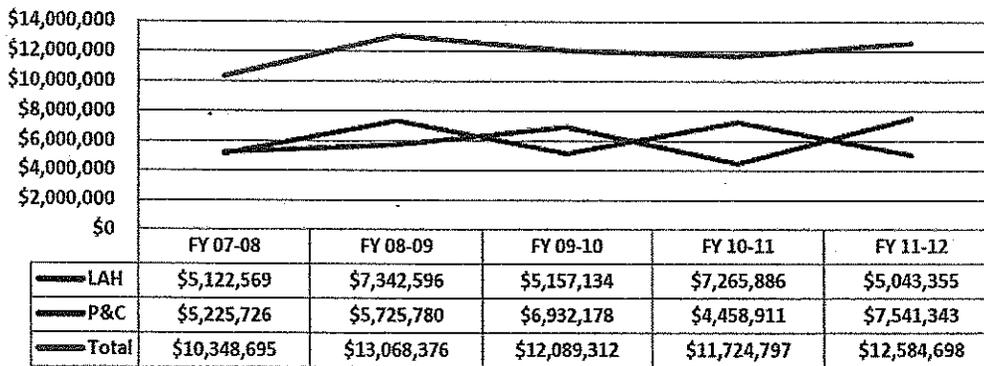
Consumer Assistance

Through its website, brochures and consumer guides, the Division is an information resource for consumers, providing education and outreach to help them understand insurance and ensures they receive the benefits for which they have paid. The Division handles consumer complaints, determining if an insurance company has acted inappropriately and what recourse a consumer may have.

Recoveries

In FY 2011-12, the Division recovered more than \$12.5 million for consumers in additional claims payments, overturned denials of benefits, reinstatements of coverage, and cancellation of insurance policies with the return of consumers' money.

Division of Insurance Consumer Affairs
Recoveries for Consumers



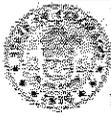
LAH includes all lines of Life and Health insurance, including health, life, disability, long term care, and annuities. P&C is Property and Casualty insurance, which includes auto, homeowners, commercial property, liability and title insurance.

These recoveries for individual consumers are in addition to the Division's review of health insurance premium rates, and restitution and recoveries ordered through investigation and examination of companies and producers through the Market Regulation and Compliance & Investigations sections of the Divisions.

For the first six months of the current fiscal year, FY 2012-13, the Division has already saved consumers over \$37 million through the rate review and consumer affairs processes.

Complaints

Over the course of FY 2011-12, the Life & Health and Property & Casualty consumer affairs teams took more than 17,000 incoming consumer telephone calls, 3,000 e-mails, and hundreds of meetings in the Division's offices and in other parts of Colorado, as well as the Disaster Recovery Centers set up after the summer's wild fires. Of these communications, 4,143



became formal complaints against specific insurers (a formal complaint is submitted in writing or through the Division's website).

While many complaints result in recoveries for consumers, the Division also receives complaints and inquiries that, upon investigation, do not indicate wrongdoing by the insurance company. In these circumstances, the Division educates the consumer on the requirements of their insurance policy, along with state law and regulations.

The Consumer Affairs section has been very successful in obtaining recoveries for consumers. Based on news releases and NAIC data from other states, Colorado's recoveries compare as follows.

Consumer Affairs Recoveries Reported by States – 2011*

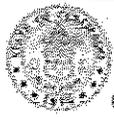
State	Number of Complaints	\$ Recoveries
Colorado	4,012	\$11.2 million
Oklahoma	3,094	\$4.5 million
Missouri	3,800	\$21 million
Ohio	5,336	\$11.6 million
Louisiana	3,453	\$5.3 million
Arizona	2,770	\$7.5 million
North Carolina	8,100	\$16.4 million
California	34,200	\$49 million

* Calendar year data.

2012 Spring and Summer for DOI

This year's wildfire season was the worst in state history, with damage estimates in excess of half a billion dollars. A June hailstorm and tornadoes added another \$320 million to damage estimates.

Fifteen Division staff assisted residents and helped staff disaster recovery centers in Fort Collins (High Park fire) and Colorado Springs (Waldo Canyon fire), for more than 250 hours in a run of 31 consecutive days. Division staff also maintained a presence at a half-dozen community meetings held throughout the summer, in the communities impacted by the major fires, as well as Simla, in Elbert County, one of the sites of a June 7 hailstorm and tornadoes, and in Estes Park, location of another major fire.



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Insurance**



NAIC

Colorado is a member of the National Association of Insurance Commissioners (NAIC). The NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators, establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.

Jim Riesberg, the Colorado Commissioner of Insurance, serves as the Secretary of the Western Zone for NAIC, and is a member of the Executive Committee of the association. Additionally, five members of the Division's staff serve on various NAIC committees.

More Information about DOI

Website

www.dora.colorado.gov/insurance

Phone

General questions:

303-894-7499

Consumer inquiries and complaints:

303-894-7490 / 1-800-930-3745 (outside the Denver metro area)