

The Colorado Regulator

Commissioner's Column

This summer, I was part of the DOI team that responded to the thousands of people who were devastated by the storms and wildfires that swept across our state. We talked with fire victims at the Disaster Recovery Centers in Conifer, Fort Collins and Colorado Springs during the fires and immediately after, and we have participated in numerous community forums as we worked with other local, state and federal agencies to aid in the recovery process. DOI is also working with the insurance carriers to encourage them to provide the quality of service required at a time like this, and to keep them advised of what we are hearing from impacted consumers.

I am familiar with talking to consumers through my legislative experience in hosting town halls. However, working with consumers at the disaster recovery centers and later, the community meetings, was quite a different experience.

At one disaster center, a man came up to me wearing sandals, shorts and a t-shirt. He reached into his pocket and pulled out a set of car keys. "I'm 50 years old," the man said. "This is everything I own in the world." His home, and everything in it, was destroyed in the High Park fire.

I listened as survivors of the fires shared their stories, their experience in recovery, dealing with the insurance companies and how they handle their new living arrangements. I heard about the challenges of daily living, both for those who had lost everything and for those whose homes were damaged but still habitable: how difficult it is to get back to normal routines, going to work, getting the kids to school, and at the same time dealing with the challenges of home rebuilding or home repairs.

The number one problem I heard from these survivors was that they were not prepared for a disaster like

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*Jim Riesberg,
Commissioner of Insurance*



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John Hickenlooper
Governor
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Barbara Kelley
Executive Director
Department of
Regulatory Agencies

Jim Riesberg
Commissioner
of Insurance

Marianne Goodland
Editor/
Public Information Officer



Dora
Department of Regulatory Agencies
Division of Insurance

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Commissioner's Column *(from first page)*

this.

One of the big lessons learned from the summer wildfire season of 2012: don't base your coverage in a homeowner's insurance policy on the mortgage value or even the purchase price. Base it on what it will cost to rebuild, using today's construction costs, which will more than likely be higher than the other two. The policy also should take into consideration the cost of cleanup, especially after a wildfire.

And if the homeowner lives in a subdivision, there's one other consideration: economies of scale. When a builder or developer constructs a subdivision, there are certain price breaks that they get for building a lot of homes, such as less expensive materials and labor. When the time comes to repair or rebuild, those economies of scale most likely won't be available, so that adds to the construction costs.

Once the policy is updated to reflect today's costs, make sure you review it every year to keep pace with construction costs. The U.S. Department of Labor estimates that the cost of construction materials increased

by 5 percent this year, and those costs have increased by 35 percent since 2004.

Another lesson from this summer is the value of having a home inventory. It's much harder to recreate a list of your possessions from memory after a disaster. Create your list before disaster strikes. The NAIC has produced an important smartphone app to help homeowners and renters develop a [Home Inventory Checklist](#). While it is the obligation of a carrier to compensate for a loss, in the case of a fire, theft or other damages, only the owner knows what has been lost. Without good records it will be more difficult to prove what is lost when the time comes to file a claim.

I also spoke to many organizations during this past quarter. Many of the presentations centered on the importance of personal responsibility of the consumer when purchasing policies and making claims. When meeting with agents and carriers I stress that consumer protection does not begin when a consumer contacts the DOI, but at the first

meeting with an agent and with every action by the carrier. While agents have an obligation to fully explain the policy, and every policy option and coverage, consumers have a responsibility to provide enough information to make sure they purchase the right coverage, to fully understand the contract they are signing, and to keep the agent and company updated on any change they make that will impact the coverage.

It's been a very busy summer for the Division, and our staff continue to excel as they handle a high volume of work. I am proud of the quality of people we have been able to attract and retain and of the quality of the service the Division is able to provide to people throughout Colorado.

We know the recovery process will be very hard for those affected by the summer storms and wildfires. We will do all we can to help the survivors get through it.



Commissioner Riesberg Adds Expertise to NAIC

Commissioner of Insurance Jim Riesberg has taken on a number of leadership roles with the National Association of Insurance Commissioners and other insurance regulatory bodies.

During the NAIC annual meeting in Atlanta this summer, Riesberg was named a member of the NAIC Executive Committee and Secretary for the Western Zone, which includes 14 states and three territories.

In the past year, the Commissioner also was appointed Chair of the Insurance Regulator Professional Designation Program, the professional development arm of the NAIC.

Riesberg also has taken on six committee assignments, including membership on the Regulatory Framework Task Force. This group is tasked with developing NAIC model regulations for state health care initiatives, and working on policy issues related to the implementation of the Affordable Care Act.

Riesberg was tapped to participate in the NAIC/Consumer Liaison Committee, the Senior Issue Task Force, the Health Insurance and Managed Care Committee, the Surplus Lines Task Force and the Market Analysis Procedures Working Group.

Riesberg's NAIC assignments aren't the only area in which he is lending his expertise. Riesberg was named to two committees for the Interstate Insurance Product Regulation Commission. The Commission, formed in 2006, now has 41 member states, and acts as the central point of electronic filing for certain insurance products, such as life, annuities, disability income and long-term care insurance.

Of his various roles, Riesberg said his participation and leadership "will keep Colorado at the leading edge of insurance regulation, services, and education on both a national and state level."

2012 Spring and Summer Busy for Consumer Affairs Staff

The first snows of September signaled the end of summer, the beginning of fall, and a hoped-for end to the 2012 wildfire season.

This year's wildfire season was the worst in state history: more than 650 homes destroyed in four major fires, tens of thousands of Coloradans evacuated from homes and workplaces, damage estimates well in excess of a half-billion dollars and six fatalities. For the Consumer Affairs staff at the Division of Insurance, summer 2012 will stand out for the amount of time and effort put into helping victims of these fires, plus those affected by a June hailstorm and tornadoes that add another \$320 million to the damage estimates.

Those efforts included staffing disaster recovery centers in Fort Collins (High Park) and Colorado Springs (Waldo Canyon) for more than 250 hours and in a run of 31 consecutive days. On four of those days, Consumer Affairs staff worked at both centers.

Fifteen Division staff, including Commissioner Jim Riesberg and Deputy Commissioner Peg Brown, took part in the effort to assist the residents affected by the summer disasters. That required maintaining a presence at a half-dozen community meetings held throughout the summer. On top of the two major fires, Division staff could be found in Simla, in Elbert County, one of the sites of the June 7 hailstorm and tornadoes;

and in Estes Park, where 23 homes burned to the ground on June 23.

The experience of assisting consumers affected by the wildfires hit especially close to home for two members of the Consumer Affairs staff. Stacy Coleman lives in Colorado Springs, and Bruce Glaser lives in Fort Collins.

Coleman and Glaser are both veterans in working with consumers in disaster situations on behalf of the Division. For Coleman, the Waldo Canyon fire was unique. The disaster center opened while the fire was still raging out of control in the hills above Colorado Springs. "We've had a lot of experience with fires," she said, citing Four Mile Canyon in Boulder two years ago, but she says Waldo Canyon was different. Smoke from the fire hung heavily over the city, especially on June 26, the fire's most devastating day. Although she lives on the opposite side of the city from the fires, Coleman found herself working with consumers who are also acquaintances, and said it was "traumatizing" to see so many people lose their homes, and/or be out of work because workplaces were evacuated as well. "It's my community," she said. "We're all here trying to help."

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Division of Insurance Joins in "Fire Adapted Communities" Efforts



Commissioner of Insurance Jim Riesberg speaks about the importance of a home inventory and careful review of homeowner insurance policies during the September 13 news conference.

Following the rash of wildfires that destroyed at least 650 homes this year, 20 local, state and national partners banded together to encourage Coloradans to rethink how they will rebuild their homes.

The initiative encourages Coloradans to consider building materials rated as fire safe and to construct defensible perimeters outside the home. The Division of Insurance was one of the partners in this effort, which also included the Colorado Department of Public Safety and the Department of Natural Resources; the State Fire Chiefs Association and Colorado firefighters, the State Forest Service, insurance companies, the Rocky Mountain Insurance Information Association and the Insurance Institute for Business and Home Safety. The initiative kicked off with a news conference on September 13. It was followed by three weekend workshops in Littleton, Fort Collins and Colorado Springs on how to build a fire-safe home, hosted by Lowe's home improvement stores. For more information, go to <http://disastersafety.org/colorado-rebuilds/>.

New Law Helps Consumers With Auto Insurance Issues

On August 8, a new state law went into effect that changes how consumers can challenge negative actions from their auto insurance carriers. The new law, passed by the Colorado General Assembly last spring, eliminates a complicated process that was difficult for consumers to navigate. Known as an “auto protest,” the old process allowed consumers to challenge these “adverse actions,” such as cancellation or non-renewal of policies, reduction in policy coverage or an increase in auto insurance premiums. The process included strict deadlines, timelines for action, and limitations on the kinds of information that could be presented to the Division for its review.

House Bill 12-1289 replaces the auto protest process with the Division of Insurance’s current consumer-friendly complaint process, which allows consumers to challenge their insurer’s actions by filing a complaint with the Division. Consumers will receive a notice from their insurer that explains the insurer’s decision. The notice

also will explain the consumer’s right to challenge that decision through the Division’s complaint process.

Consumers now can utilize a much simpler complaint process that is easier to navigate. When a complaint arrives at the Division in writing, it is assigned to a complaint analyst, usually within two business days of receipt. The complaint analyst then investigates the specifics of the complaint, something that was not allowed under the auto protest process. In addition, when consumers call the Division about insurance issues, the consumer affairs staff frequently spends time educating them. This insurance education, which could resolve the issue before it becomes a formal, written complaint, was not allowed during the auto protest process. Finally, under the old system, once a consumer challenged an adverse action, the insurer could not make changes to the policy until the matter was resolved with the Division. Under the new law, the insurer may correct errors at any time during the complaint process.

For more information on the Division’s complaint process, go to askdora.colorado.gov, click on “Division of Insurance” and then on “Consumer Assistance.”

DORA and Division Website and Email Changes

The Colorado Department of Regulatory Agencies and its nine divisions have migrated their websites into a new content management system.

What it means for you: the website addresses (URLs) for all DORA and Division of Insurance pages have changed. As of September 18, if you’ve used www.dora.state.co.us/insurance or any of the pages under that site, those website addresses and pages will be redirected to the new website. However, pages that you’ve “bookmarked” will no longer be maintained by the Division and you should update those pages to the [new website](#).

On October 8, all email addresses for DORA and Division staff changed; the format for the new addresses are [firstname].[lastname]@state.co.us.



Get to Know the DOI

The seven members of Corporate Affairs make sure fees and premium taxes are paid by insurance companies, approve new insurance companies to operate in Colorado, and deal with preneed funeral operations, prepaid dental companies and viatical settlement providers. The staff are among the most experienced at DOI; they have 74 years’ cumulative experience with the Division and another 87 years’ experience in the insurance industry. That includes work in management, underwriting, accounting, auditing and clerical work. The staff hold among them three undergraduate degrees and an MBA with an emphasis in Finance.

The 10-member team in Compliance and Investigations is responsible for producer licensing, and enforcement actions dealing with insurance producers, agencies and companies that do not comply with Colorado laws and regulations. The team is experienced in underwriting, claims, licensing, agency work, rates and forms, account management, customer service, and compliance. They cumulatively have 93 years of experience at the Division and another 67 years of industry experience, and among them hold five undergraduate degrees.



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Division of Insurance Earns Five-Year Accreditation from NAIC

The National Association of Insurance Commissioners (NAIC) has once again granted full five-year accreditation to the Colorado Division of Insurance for its financial oversight of insurance companies that are headquartered in Colorado.

Accreditation is granted by the NAIC's Financial Regulation Standards and Accreditation Committee. The Division was notified that its accreditation had been approved during the NAIC's summer national conference in August.

Under NAIC requirements, state insurance departments must undergo a comprehensive independent review (audit) every five years to make sure they meet "baseline financial solvency oversight standards." Departments also must maintain "adequate statutory and administrative authority to regulate an insurer's corporate and financial affairs."

Scott Lloyd, manager of the Division's Financial Affairs Section, and Henry Freaney, manager of the Financial Examinations Section, led the DOI team during the accreditation review. It's Lloyd's fifth time for an accreditation review with the Division, and the second time around for Freaney, who pointed out that there were some major changes during this recent review.

Beginning in 2010, NAIC required state regulators to begin conducting risk-focused exams, which includes a review of an insurance company's corporate governance, internal controls,

and material financial assets and liabilities. The accreditation team performed a review on "how our recent exams were conducted," Freaney said.

The value of the accreditation review is that it affirms that "Colorado is doing what it is supposed to be doing in our regulatory efforts," Freaney said. Lloyd noted that his section has newer analysts, and for those employees the review provided positive feedback and training to help them focus on what they should look for in their reviews of financial documents. The accreditation audit showed that Colorado is doing a very good job, he added.

The review showed that companies being regulated by the Division are in good shape. "We don't have companies in financial trouble," Freaney explained.



Division staff who took part in the recent accreditation visit and review.

"Fires," from page 3

The Division created a "Natural Disaster Insurance Survival Kit", with materials focused on insurance issues for residents affected by the fires. Consumer Affairs staff distributed more than 200 kits at the disaster centers in Fort Collins and Colorado Springs.

Thirty-one days of working at disaster centers did stretch the Consumer Affairs staff a little thin, so several employees outside of Consumer Affairs stepped in to help, including actuary Carol O'Bryan, a veteran of disaster assistance; Vi Pinkerton of market regulation, and office manager Kelli Cheshire. Cheshire was a first-timer to disaster centers, taking a shift at the Waldo Canyon center. She said the experience was "heartbreaking. You feel for people who've lost their homes or whose homes were damaged by the fires," she said.

Although the disaster centers are closed, the work of the Consumer Affairs team continues. That work has now shifted to handling questions and complaints from the residents of the affected areas as they deal with insurance claims and related issues.

Federal Healthcare Reform Update: Essential Health Benefits

Is your health insurance provided by a small employer? Or, do you have an individual health plan? What if you're uninsured? A recent joint recommendation by the Division of Insurance, the Colorado Health Benefit Exchange and the Governor's Office may affect what your health insurance covers.

Requirements of the Affordable Care Act (ACA)

Beginning in 2014 and continuing through the 2015, most health insurance plans sold to small employers and individuals must include a minimum set of health care services and products. This set of services and benefits is called the "Essential Health Benefits" (EHB). By October 1, 2012, each state had to recommend to the U.S. Department of Health and Human Services (HHS) a health plan from its current marketplace that will serve as the state's Essential Health Benefits Benchmark Plan. The EHB only includes the benefit structure. The co-pays, deductibles and provider networks are not part of EHB. Under the ACA, the plan must be selected from among the state's three largest small group health plans, the state's largest health maintenance organization plan, the two plans for state employees, and three plans for federal employees.

The EHB will apply to plans offered by the Colorado Health Benefit Exchange, as well as plans sold outside of the Exchange. Plans exempted from the essential health benefits requirement include self-insured group health plans and large group market health plans. "Grandfathered" plans also are excluded. A grandfathered plan is a small group or individual health plan that was in place when the ACA was enacted in March 2010, and continues to offer the exact same coverage.

Colorado's Selection Process

To prepare for the decision, representatives from the Governor's Office, the Division of Insurance and the Colorado Health Benefit Exchange held several public meetings to solicit comments on which plan to recommend. Three dozen organizations and more than 50 individuals submitted formal comments and statements.

The draft recommended benchmark plan was announced on August 31, 2012 as Colorado's largest small group plan, Kaiser Ded/CO HMO1200D. This plan includes benefits in the ten federally-required benefit categories (excluding pediatric dental) and, as the largest small group plan in Colorado, meets the requirement to reflect benefits in a typical employer plan. Comments on the draft recommendation were accepted through September 10, 2012. The final recommendation was posted on September 28, 2012 and did not change. Colorado's recommended Essential Health Benefit Benchmark Plan is the Kaiser Ded/CO HMO1200D.

The next step in the process is to send Colorado's recommendation to HHS for approval. HHS has not

provided a time period by which Colorado will receive final approval of its EHB plan. For more information, see askdora.colorado.gov and click on the link to Essential Health Benefits.

What Does an EHB Cover?

Essential health benefits cover 10 categories of services: (1) ambulatory patient services, (2) emergency services (3) hospitalization, (4) maternity and newborn care, (5) mental health and substance use disorder services, including behavioral health treatment, (6) prescription drugs, (7) rehabilitative and habilitative services and devices, (8) laboratory services, (9) preventive and wellness services and chronic disease management, and (10) pediatric services, including oral and vision care.

Inclusion as an essential health benefit does not determine how services will be provided. The Affordable Care Act requires insurers to eliminate annual or lifetime dollar limits, but they can still limit the scope and duration of services.

What's New and on the Horizon In Federal Healthcare Reform

August 1, 2012—health care insurance providers that did not meet the medical loss ratio minimums of 80 percent (small and individual group) and 85 percent (large group) issued rebate checks to employers and consumers. Nine Colorado companies, according to figures from the federal Center for Consumer Information and Insurance Oversight, paid out \$27.45 million in rebates.

January 1, 2014—health plans under the health benefit exchanges begin covering individuals and small businesses; annual dollar limits on certain health benefits end; tax credits become available for individuals to help pay for health insurance; the health care tax credit for small businesses increases from 35 percent to 50 percent; and the health care tax credit for non-profit organizations increases from 25 percent to 35 percent.



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SHIP Celebrates 20 Years with Governor's Proclamation

Twenty years and tens of thousands of miles traveled—the Colorado State Health Insurance Assistance Program (SHIP), has reached out to every corner of the state and to anyone who needs assistance with Medicare.

In October, SHIP celebrates 20 years of service to Coloradans, with a reception and a proclamation from Gov. John Hickenlooper, who lauded the program and its staff, counselors and volunteers for their dedication. The Governor named September 26 to October 2 “Colorado SHIP Week,” in honor of the anniversary.

The celebration also includes “Voices of SHIP,” a recorded series of comments by SHIP coordinators, counselors and volunteers that is available on the SHIP website.

In his proclamation, the Governor wrote that in the last eight years alone, the SHIP program assisted more than 110,000 Medicare consumers, family members and community agency representatives, including disabled Coloradans. SHIP counselors show “tremendous devotion to providing quality services to the aging, to people with disabling conditions, to the low income, to the incapacitated, to the isolated, and to those just confused by the complexity of the systems[.]”

There are 18 SHIP locations in Colorado, housed in Area Agencies on Aging, Retired Senior Volunteer Programs, Health care settings, state universities, county and municipal governments, and community action agencies.

The first SHIP grant was awarded to Colorado on September 28, 1992, under Director Bob Pierce.

Pierce was among the guests at a 20th anniversary reception held on October 10 at the Division. He said



that when the program started, it started right, because he was already familiar with the Area Agencies on Aging, and he traveled around the state seeking their participation. “I tried to defer to the local [agencies] whenever

possible,” he said. And these agencies and their staff did it for little or no money. “We gave grants in the hundreds of dollars rather than thousands of dollars. They did it because they wanted to serve their older adults,” he said.

In contrast to today, the program had no formal relationship with the local federal Medicare program, Pierce added, other than through funding. That relationship took several years to develop. He also applauded as “phenomenal” the efforts of early SHIP volunteers Susie Hellman, “who knows more about Medicare than anyone in the state,” and Susan Stern, who authored SHIP’s first Medicaid materials.

Liz Tredennick followed Pierce as SHIP director, a post she held for five years. For the past two years, she’s been the coordinator of SHIP services at Centura Health in Denver. She most enjoys the one-on-one contact with clients. “We can help people understand Medicare and Medicaid, and if we can save someone \$100 a month on their Medicare and/or \$50 on prescriptions, that’s gratifying.” For many clients, Tredennick said, who live on \$600 to \$800 per month, that’s a real raise in their monthly income. She cited the case of an elderly woman who said she was paying \$450 per month for health insurance on \$850 per month in income. When Tredennick told her that she qualified for Medicare with no costs, she began to cry. Actually, “we both started crying.”

The biggest challenge in working at a SHIP is open enrollment, which begins on October 15, “When it’s in session, it’s all hands on deck” to handle more than 100 calls per day, Tredennick said. And with the advent of Medicare Part D in 2005, the number of calls have increased to as much as 20,000 per year.

Information on the SHIP celebration, as well as the Governor’s proclamation, can be found on the SHIP homepage: askdora.colorado.gov, click on “Division of Insurance” and then on “Senior Health/Medicare.”



Celebrating SHIP’s 20 years at October 10 reception: (left to right): current SHIP Director Alice Ierley, Commissioner of Insurance Jim Riesberg, former SHIP Directors Bob Pierce and Liz Tredennick, and Deputy Commissioner Peg Brown.

New App from NAIC Helps with Auto Accident Information



The newest and latest smartphone app from the National Association of Insurance Commissioners is a quick and smart way to keep track of information in case of an auto accident. "WreckCheck," available for [iPhone and Android](#) smartphones, will help guide drivers on the kinds of information you should (and shouldn't) give out in an auto accident. A [printable copy](#) is available from the Division website.

Senior Medicare Patrol Wins Award for Outreach to Hispanic Community



The Colorado Senior Medicare Patrol (SMP), a division of the State Health Insurance Assistance Program (SHIP), was lauded for its outreach efforts at the 2012 SMP Regional Conference on August 15. The award was given by the Administration for Community Living, formerly the Area Agencies on Aging, for Region VIII states.

The SMP staff was saluted for outreach, particularly to the Hispanic community, as well as for outstanding achievements in rooting out Medicare fraud. In March, May and August, SMP Presenter Andres Lopez conducted a series of community meetings on Medicare fraud. These meetings, held in English and Spanish and in more than a dozen communities along the Front Range, collectively drew more than 500 people.

Latest News at the Division of Insurance

[Division of Insurance Recovers More Than \\$12.5 Million for Consumers Annual Complaint Report FY 2011-12](#)
Released October 2

[Public Adjusters: What do They do and Do You Need One?](#)
Released June 27

[SHIP Celebrates 20 Years of Service to Coloradans](#)
Released September 26

[Open Enrollment Period for Child-Only Health Plans Begins July 1](#)
Released June 27

[Annual Industry Statistical Report Shows Coloradans Spent \\$27 Billion on Premiums in 2011 Annual Insurance Industry Statistical Report 2011](#)
Released September 13

[Colorado Division of Insurance Staff Ready to Assist High Park Fire Victims](#)
Released June 14

[Back to School Means Making Sure Kids are Covered](#)
Released August 23

Division of Insurance news releases can be found at askdora.colorado.gov. Click on "Division of Insurance" and then on "News Releases."

[Small Businesses Damaged by Waldo Canyon Fire May Have Hidden Asset to Help Recover Losses](#)
Released July 6



**Colorado
Division of
Insurance**

1560 Broadway, Suite 850
Denver, Colorado 80202

303-894-7499 Phone
303-894-7455 Fax
303-894-7490 Consumer Information
800-930-3745 Toll Free (outside Denver)
Email: insurance@state.co.us
Web: askdora.colorado.gov and click on "Division of Insurance."



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is our mission**