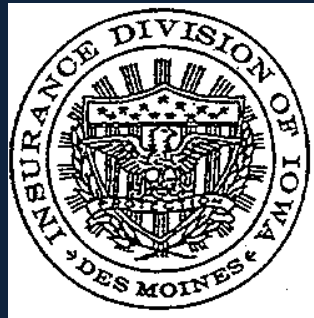


The State of Iowa
2013

Annual Consumer Advocate Bureau Report



Prepared and Submitted to the 84th Iowa General Assembly

January 15th, 2013

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, paragraph “b”. The Bureau is currently comprised of only the Consumer Advocate, but during 2012 also included a grant funded health insurance team of three compliance offers. The Consumer Advocate, Angel Robinson, was appointed in November 2008. The Consumer Advocate Bureau provides assistance to consumers in all lines of insurance, securities, and regulated industries.

II. 2012 Activities

The functions of the Bureau include outreach, assisting with or providing policy recommendations, aiding consumers with insurance inquires and complaints, assisting consumers file health insurance appeals, and recommending cases for administrative action. To further these functions, the activities of the Bureau in 2012 have focused on three main areas: 1) consumer complaint assistance, 2) education and outreach, 3) and assisting consumers with the health insurance rate review process.

A. Consumer Complaints, Inquiries, and Appeals

In the area of complaint assistance, the Consumer Advocate has initiated complaint procedures and when requested by consumers, reviewed closed complaint files as a form of appeal. Additionally the Consumer Assistance Program aided consumers with health insurance based complaints, inquiries, and appeals. The appeal assistance provided by the Consumer Assistance staff consists of aiding Iowans with health insurance appeals on all levels (internal appeals and external review) for fully-funded (state regulated) or self-funded (federally regulated) health insurance plans. In 2012 the Bureau directly provided assistance to approximately 1,350 consumers with complaints, inquiries, and appeals on all items under the jurisdiction of the Iowa Insurance Division. Efforts in complaints, inquiries, and appeals have recovered \$43,844.13 for consumers by the Bureau. There were no new administrative actions from the Bureau this year as all disputes were able to be settled with the insurers without additional action.

B. Outreach and Education

The flood mitigation outreach and education was concluded in 2012. This area has been a major outreach area for the Bureau. 2012 flood outreach program was conducted in coordination with the Insurance Division, the Iowa Department of Natural Resources, Iowa Homeland Security & Emergency Management Department, and the National Weather Service. The 2012 flood outreach included the annual March Flood Awareness Month, sponsorship of a series of flood forums throughout the state (a community based informative presentation and panel from state and local experts on flood mitigation efforts), and informational newspaper inserts regarding flood outreach to 100,000 Iowans.

The Consumer Assistance Program also produced health insurance based outreach materials and educational opportunities in 2012. Consumer guides and frequently asked question documents have been produced and published on the Consumer Advocate website for the public to access, use and review. These documents focus on the health issues of COBRA, Appeals and External Review, as well as guidance on finding insurance in Iowa. Tutorial videos were additionally produced to provide instruction on appeals and external reviews. Other educational outreach opportunities have included a series of presentations on the effect of the Affordable Care Act in Iowa. The Consumer Assistance Program also organized and hosted a health care forum in 2012, which had approximately 100 attendees.

C. Assisting Consumers with the 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 2012. Of the three qualifying proposed rate increases, two of the public hearings were scheduled for January of 2013 in order to fulfill the required minimum notice period.

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. For all the proposed rate increases, the Bureau received over 300 consumer comments for the proposed rate increases held in 2012 (the final participation number increased by approximately 100 consumers upon completion of all the proposed rate increases in

2013). 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.

D. Other Consumer Advocate Duties and Responsibilities

The Consumer Advocate has participated in weekly conference calls on the planning and implementation of the new health laws and provided public education to consumers directly and through consumer advocacy groups regarding the changes to laws, regulations, and the effects on consumers. Additionally, the Consumer Advocate conducted a review of auto insurance repair rates in Iowa for possible changes in policy. As a result of the review, an administrative bulletin was issued to clarify the Division's expectations of insurance companies in this area and to improve future enforcement of existing administrative rules controlling auto repairs by insurance companies.

III. Recommendations

a. Budget Recommendations

The current 2014 budget for the Bureau entails an appropriation for only the Consumer Advocate with a salary and benefits approximately totaling \$100,000. The Consumer Assistance Program Grant expired in 2012. The grant allowed for the full funding of three grant related staff. The addition of staff to the Consumer Advocate Bureau allowed for expanded consumer services, increased number of consumers served, the production of comprehensive consumer documents and videos, and additional in person outreach opportunities through presentations, forums, and trainings. It is requested that the State of Iowa apply for future Consumer Assistance Program Grant funding if and when offered in 2013 with the expansion of one additional staff member. If the grant is not offered in 2013, it is suggested that funds are appropriated for the former grant positions in fiscal year 2014. The total amount requested for the Consumer Advocate Bureau is \$389,680.00. The request would cover the expenses of staff, such as salary and benefits, as all initial costs and equipment for new employees has been paid by the previous federal grant. Funding for the four staff members would allow consumer services in the Bureau to continue at the level previously received and expected by Iowans, including assistance with appeals. Funding would also allow for the Division

to prepare for the increased consumer contacts that will follow the individual health insurance mandate that will be effective in 2014. Renewed and expanded funding of the positions by the State of Iowa would also permit the four staff members to expand their consumer assistance capabilities to all of the areas serviced by the Bureau, as opposed to only 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	\$ 100,000.00
	FTE 3	Compliance Officer 1	\$ 210,000.00
	FTE 1	Admin Assistant 1	\$ 50,000.00
Worker's Comp			\$ 1000.00
Rent		Office Space	\$ 25,000.00
Communication		Phones	\$ 3,000.00
	FTE Total: 5 New FTE Positions: 4	Budget Total:	\$ 389,680.00

b. Legislation and Administrative Rules

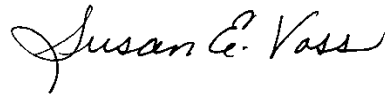
The Consumer Advocate Bureau will continue working with other areas of the Iowa Insurance Division throughout 2012 to file administrative rules as needed. The rules would likely include: updating the current rate review administrative rules, health insurance open enrollment, repayment of duplicative Medicare and Med-advantage coverage, and external review rules update.

IV. Conclusion

The Commissioner thanks the Consumer Advocate, Angel Robinson, for her work during 2012. 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 style with a large, looping initial 'S'.

Susan E. Voss
Commissioner of Insurance

Appendix A: 2012 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 or monitors the complaints of others. 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, 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):	1,722
Total Inquiries (including rate increase comments):	1116
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Total Consumer Complaints / Inquiries Served:	2,838

2012 Insurance Complaints

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	353	35
Fire, Allied Lines	47	4
Homeowners	270	32
Life, Annuity	306	56
Accident, Health	587	452
Liability	30	6
Miscellaneous	68	53
Other: Regulated Industries	40	6
Other: Securities	19	5
Other	2	144
TOTAL	1722	793

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	68	11	59	14	104	4	9
Marketing and Sales	67	7	9	75	125	3	19
Claim Handling	272	37	259	54	553	33	42
Policyholder Service	31	4	29	189	133	0	9
TOTAL	438	59	356	332	915	40	79

Disposition	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Claim Reopened	0	1	5	1	22	0	0
Claim Settled	27	1	16	12	88	3	3
Company Position Overturned	0	0	0	1	11	0	0
Company Position Substantiated	123	21	151	176	285	12	16
Complaint Withdrawn	0	0	0	8	5	0	0
Compromised Settlement	98	8	79	75	62	4	22
Contract Provision/Legal Issue	65	14	31	3	19	4	8
Fine	0	0	0	0	0	0	0
Insufficient Information	9	6	4	20	15	1	2
No Action Requested/Required	86	14	75	210	303	8	25
No Jurisdiction	7	0	8	13	110	0	8
Referred for Disciplinary Action	10	0	0	4	7	0	5
Referred to Another Dept	0	0	0	1	4	0	3
Referred to Proper Agency	0	0	0	1	17	0	3
State Specific	15	3	14	3	21	1	3
TOTAL	440	68	383	528	969	33	98

Consumer Advocate Complaints

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

Line of Insurance	Closed Complaints	Closed Inquiries	Open Complaints	Open Inquiries
Auto	4	3	1	0
Fire, Allied Lines	1	1	0	0
Homeowners	7	5	1	0
Life, Annuity	4	6	0	0
Accident, Health	11	58	2	1
Liability	0	3	0	0
Miscellaneous	0	1	0	0
Other: Regulated Industries	0	1	0	0
Other: Securities	0	0	0	0
Other	0	6	0	0
TOTAL	27	84	4	1

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	4	1	1	0	30	0	0
Marketing and Sales	0	0	1	4	23	0	0
Claim Handling	1	1	7	1	18	3	0
Policyholder Service	2	0	2	3	8	0	0
TOTAL	7	2	11	8	79	3	0

Disposition	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Claim Reopened	0	0	0	0	0	0	0
Claim Settled	0	0	2	0	2	0	0
Company Position Overturned	0	0	0	0	0	0	0
Company Position Substantiated	1	0	0	4	3	0	0
Complaint Withdrawn	0	0	0	0	0	0	0
Compromised Settlement	0	1	3	1	3	0	0
Contract Provision/Legal Issue	1	0	4	0	1	0	0
Fine	0	0	0	0	0	0	0
Insufficient Information	0	0	1	0	0	0	0
No Action Requested/Required	3	0	0	4	11	0	0
No Jurisdiction	0	0	0	0	2	0	0
Referred for Disciplinary Action	0	0	0	0	0	0	0
Referred to Another Dept	0	0	0	0	0	0	0
Referred to Proper Agency	0	0	0	0	2	0	0
State Specific	0	0	3	0	0	0	0

2012 Consumer Assistance Program Complaint / Inquiry Report

Closed Complaints	Closed Inquiries	Follow-Ups	Closed Appeals	Calls
40	225	626	28	392

General Reason for Complaint/Inquiry

Underwriting	52
Marketing and Sales	84
Claim Handling	96
Policyholder Service	13

Disposition of Complaint/ Inquiry

Policy not in force	0	Referred to another department	1	ERISA complaint	0	0
Policy issued/restored	0	Referred to proper agency	5	Apparent unlicensed activity	0	0
Advised complainant	0	Referred to rates/contacts	0	Deductible refunded	0	0
Compromised resolution	13	Referred to market conduct	0	Forfeiture	0	0
Additional payment	0	Appointed	0	Referred for disciplinary action	0	0
Refund	0	Licensed	0	Question of fact	0	0
Arbitration/mediation	0	Advertising withdrawn/amended	0	Rating problem resolved	0	0
Coverage extended	0	Underwriting practice resolved	0	Contract provision/legal issue	2	0
Unable to assist	0	Information furnished/expanded	0	Company in compliance	0	0
Claim reopened	3	Delay resolved	0	Company position upheld	0	1
Cancellation upheld	0	Fine	0	Endorsement processed	0	0
Nonrenewal upheld	0	Cancellation notice withdrawn	0	No jurisdiction	9	0
Claim settled	4	Nonrenewal notice rescinded	0	Recovery	0	0
Filed suit/retained attorney	0	Nonforfeiture problem resolved	0	Insufficient information	7	2
No action requested/required	34	Premium problem resolved	0	Other	0	0

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. 2012 complaint data was supplied as courtesy to the Iowa Insurance Division from the following states: Louisiana, Missouri, and North Dakota. The state of Louisiana provides complaint statics from another Department of Insurance's Consumer Advocate's office. Missouri and North Dakota's 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.

Louisiana Office of Consumer Advocacy FY 2011 Complaints

(2012 data was not available for Louisiana)

Complaint Totals

Complaint Type	Closed Complaints	Closed Inquiries
Property/ Casualty	8	42
Health	2	18
Life & Annuity	0	8
Total	10	68

Missouri 2012 Insurance Complaints

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	872	57
Fire, Allied Lines	114	12
Homeowners	781	81
Life, Annuity	440	50
Accident, Health	1140	1931
Liability	38	9
Miscellaneous	811	58
Other: Regulated Industries	0	0
Other: Securities	0	0
Other	0	7160
TOTAL	4196	9358

Reason	Line of Insurance						
	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	79	19	160	61	199	1	28
Marketing and Sales	86	26	80	128	321	11	741
Claim Handling	904	92	745	109	1599	39	87
Policyholder Service	112	16	115	226	419	10	28
TOTAL	1181	153	1100	524	2538	61	884

Disposition	Fire, Allied			Life, Annuity	Accident, Health	Liability	Miscellaneous
	Auto	Lines	Homeowners				
Claim Reopened	4	1	3	0	48	0	0
Claim Settled	194	16	91	56	237	6	29
Company Position Overturned	4	0	4	8	37	0	3
Company Position Substantiated	322	35	327	169	262	13	41
Complaint Withdrawn	0	0	0	0	1	0	0
Compromised Settlement	223	17	127	89	246	10	38
Contract Provision/Legal Issue	274	49	321	30	468	12	47
Fine	0	3	5	2	10	0	83
Insufficient Information	1	4	2	11	42	2	7
No Action Requested/Required	148	30	154	161	515	17	236
No Jurisdiction	108	9	126	9	343	6	19
Referred for Disciplinary Action	16	5	14	8	52	0	153
Referred to Another Dept	2	1	2	1	6	0	3
Referred to Proper Agency	2	2	2	2	39	0	12
State Specific	28	10	43	41	103	10	390
TOTAL	1326	182	1221	587	2409	76	1061

North Dakota 2012 Insurance Complaints

Line of Insurance	Closed Complaints	Closed Inquiries
Auto	82	133
Fire, Allied Lines	10	12
Homeowners	36	85
Life, Annuity	13	96
Accident, Health	35	449
Liability	8	30
Miscellaneous	15	33
Other: Regulated Industries	0	0
Other: Securities	0	0
Other	0	251
TOTAL	199	1089

Reason	Auto	Fire, Allied Lines	Homeowners	Life, Annuity	Accident, Health	Liability	Miscellaneous
Underwriting	17	3	26	7	84	2	5
Marketing and Sales	13	2	7	32	33	4	12
Claim Handling	210	20	100	23	258	45	38
Policyholder Service	27	3	8	75	254	3	8
TOTAL	267	28	141	137	629	54	63

Disposition	Fire, Allied				Accident, Health	Liability	Miscellaneous
	Auto	Lines	Homeowners	Life, Annuity			
Claim Reopened	0	0	0	0	2	0	0
Claim Settled	25	2	2	2	9	3	4
Company Position Overturned	1	0	2	0	0	0	0
Company Position Substantiated	11	4	7	4	16	1	5
Complaint Withdrawn	0	0	0	0	0	1	0
Compromised Settlement	29	3	11	3	9	3	3
Contract Provision/Legal Issue	9	4	8	6	18	1	4
Fine	0	0	0	0	0	0	0
Insufficient Information	0	0	0	0	0	1	0
No Action Requested/Required	10	1	9	6	3	1	3
No Jurisdiction	28	1	13	0	6	2	4
Referred for Disciplinary Action	0	0	0	2	1	0	1
Referred to Another Dept	0	0	0	0	0	0	0
Referred to Proper Agency	0	0	0	0	0	0	0
State Specific	13	1	2	3	2	0	0
TOTAL	126	16	54	26	66	13	24