

2011 Program Report Card: Consumer Affairs Program, Connecticut Insurance Department (CID)

Quality of Life Result: All Connecticut residents have access to information and services to help protect their health and assets.

Contribution to the Result: The consumer affairs program investigates insurance related complaints to resolve disputes, recover consumers' funds and enforce insurance laws and regulations. Program also serves as a resource to consumers to get answers to insurance-related questions and to enable better insurance purchasing decisions.

Actual SFY 10 Total Program Expenditures: \$ 2.2M

State Funding: \$ 0

Federal Funding: \$0

Other Funding: \$ 2.2M

Insurance Fund

Estimated SFY 11 Total Program Expenditures: \$ 2.3M

State Funding: \$ 0

Federal Funding: \$ 0

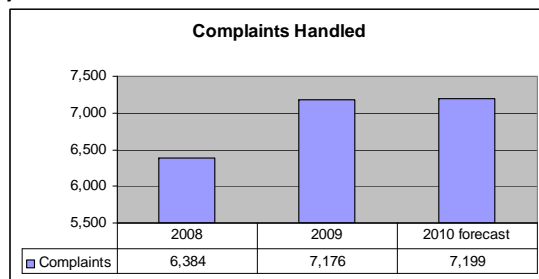
Other Funding: \$ 2.3M

Insurance Fund

Partners: Connecticut residents, National Association of Insurance Commissioners (NAIC), Insurance Carriers, Producers and other licensees.

Performance Measure 1:

Number of Complaints handled during the calendar year



Story behind the baseline: This represents the number of complaints reported to Consumer Affairs and handled during the year. Investigation of complaints is a primary function of the unit as part of our regulatory role to ensure that consumers are treated fairly and are protected from unfair practices. Complaints are acknowledged and thoroughly investigated in an attempt to reach resolution, and ensure that actions by the insurers and any other licensee are in compliance with the law and the terms of the complainant's insurance policy. Because CID has enforcement authority over all licensees, we require the carrier to remedy any problems for the individual complainant as well as the entire class of customers similarly affected. For example, one recent complaint brought by a single consumer resulted in approximately \$500,000 in total payments to over 1,200 CT insureds.

Often our involvement can expedite resolution of the problem; we can offer dispute resolution alternatives, or minimally provide additional explanation to the complainant. Consumer Affairs data by company and type of complaint is routinely provided to our Market Conduct Unit for their analysis and examinations of insurance companies. Common complaint types can include claims handling, policy services, marketing & sales, premium issues, or underwriting.

The unit is divided into three specialty areas to ensure complainants receive specialized attention from examiners who can best address their concerns. Our volume of complaints is growing and can be heavily influenced by current events such as Health Care Reform implementation.

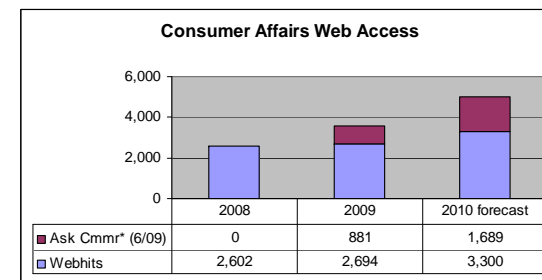
Proposed actions to turn the curve: We are handling an increasing volume of complaints with one less examiner since 2009 (due to internal transfer). Additionally, during the second half of 2009, we cross-trained an examiner from one specialty area to another to meet the change in the types of complaints we were receiving.

We could assist more residents by increasing consumer awareness of Consumer Affairs' capabilities and the availability of our arbitration and external appeals programs. We plan to increase the visibility of CID

Consumer Affairs Program through referrals, press releases and community outreach events in 2011.

Performance Measure 2:

How much our website is used by Consumers



Story behind the baseline: Complaints are a reactive regulatory tool, but proactive measures like consumer awareness can avoid complaints in the first place. Answering questions on the phone and responding to inquiries written and via the web are another major part of the duties of Consumer Affairs. Much time and effort is taken in having informational materials available for consumer use on the website and via mail. A major revision of the website was completed in 2008 with significant time and effort undertaken to make the website more consumer friendly. These consumer pages are some of the most frequently visited of the entire site, provide guidance on how to file a complaint or

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external appeal, how to find an insurance company and a wealth of information on types of insurance how to purchase. Recently information for recent law changes on Health Care both in CT and federally was compiled and is linked to by many other state agencies.

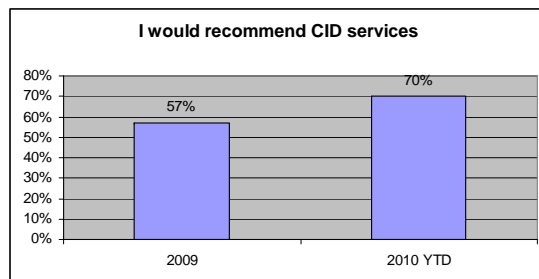
In June 2009, a new feature “Ask a Question” was added to the site and is prominently displayed on the banner. The use of this link has been steadily increasing with 70% of the inquiries related to consumer affairs issues.

We continue to handle over 25,000 phone calls to our Consumer Affairs unit as part of our efforts to answer questions, and provide information to consumers.

Proposed actions to turn the curve: Monitor and keep website current and useful to consumers. This is a no cost/low cost way to provide information to a large audience. Going forward, we want to identify which questions consumers are submitting on a regular basis and develop a “Most frequently asked Questions” section on the website to proactively address common questions or concerns.

Performance Measure 3:

% of Survey Respondents who would recommend the Insurance Department’s services



Story behind the baseline: We introduced a customer satisfaction survey in the second half of 2009. The simple 8 question web-based survey is sent to complainants after their complaint has been resolved and closed. The purpose of the survey is to track our performance as well as to determine if our service met the consumers’ expectations.

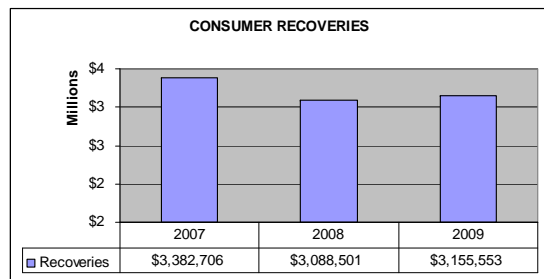
The responses to the survey question “I would recommend the Insurance Department’s services to others.” is an indicator of how the complainant valued the interactions with our Consumer Affairs staff, even if the outcome was not in their favor. Positive “word of mouth” is a powerful way to encourage others to utilize our services. Higher positive response to this question should result in increased word of mouth referrals leading to increased ability to serve CT consumers through stronger industry oversight.

Proposed actions to turn the curve:

Continue to improve our service delivery with special emphasis on communications to consumers by thoroughly addressing their specific issues and educating the consumer.

Performance Measure 4:

Financial recoveries to consumers



Story behind the baseline: These recovered funds are the direct result of consumer complaints that have been handled by Consumer Affairs where we identified additional money owed the consumer. Recoveries come in various forms, but a few examples include: reimbursement for denied medical treatment, an improper claim denial, or improperly rescinded life insurance policy. As a regulator, when we identify inappropriate behavior on the part of the insurer, we require them to make proper restitution for all consumers who may not have complained to CID, but have been identified as being harmed by a global error on the part of the insurance carrier.

Our oversight efforts and interactions also have a positive “sentinel effect” on the behavior of the industry.

Proposed actions to turn the curve: Increase consumer awareness of Consumer Affairs’ capabilities and services. By reaching more people, we will be able to address more of the industry’s issues and at the same time, the insurance industry will function better. CID will work to increase the visibility of CT Insurance Department through referrals, press releases and community outreach events. In addition, we plan to increase the number and scope of community outreach meetings conducted in coordination with local organizations and legislators.