



North Dakota
Insurance Department
Adam Hamm, Commissioner

Consumer Assistance,
Enforcement Action
and Fraud Report
2013

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Summary of total relief

Consumer assistance and enforcement action

Total relief from all sources

| Source | Relief |
|---------------------------------------|------------------------|
| 2013 | |
| Company complaints | \$2,560,183.84 |
| Agent complaints | \$7,282.91 |
| SHIC and Prescription Connection | \$2,929,756** |
| Consumer assistance hotline | \$783,663.49 |
| Agent enforcement investigation* | 0 |
| Company enforcement investigation* | 0 |
| 2013 total | \$ 6,280,886.24 |
| 2012 | |
| Company complaints | \$626,162.86 |
| Agent complaints | \$224,381.98 |
| SHIC and Prescription Connection | \$3,191,089.00** |
| Consumer assistance hotline | \$294,301.79 |
| Agent administrative investigation* | 0 |
| Company administrative investigation* | 0 |
| 2012 total | \$4,335,935.63 |
| Combined 2012-2013 total | \$10,616,821.87 |

*Does not include fines resulting from administrative actions.

**2013 SHIC relief is based upon prior three years' average. 2013 Prescription Connection relief is based on national averages for prescription costs.

2013 combined company and agent complaint statistics

| Year | 2013 complaints closed | Relief* |
|------|------------------------|----------------|
| 2013 | 195 | \$2,567,466.75 |

Complaints are further categorized into seven different groups based on related types of coverage. They are: auto, fire, allied and commercial multi-peril, homeowner, life and annuity, accident and health, liability and miscellaneous.

2013 company complaints

| Type | 2013 complaints closed | Relief* |
|------------------|------------------------|----------------|
| Auto | 79 | \$105,900.20 |
| Fire, Allied/CMP | 1 | 0 |
| Homeowners | 41 | \$175,700.18 |
| Life/annuity | 3 | 0 |
| Accident/health | 22 | \$114,595.81 |
| Liability | 12 | \$2,118,267.79 |
| Miscellaneous | 0 | \$45,719.86 |
| Total | 169 | \$2,560,183.84 |

2013 agent complaints

| Type | 2013 complaints closed | Relief* |
|------------------|------------------------|------------|
| Auto | 4 | 0 |
| Fire, Allied/CMP | 0 | 0 |
| Homeowners | 2 | 0 |
| Life/annuity | 10 | \$2,803.15 |
| Accident/health | 8 | 2,000.57 |
| Liability | 0 | 0 |
| Miscellaneous | 2 | \$2,479.19 |
| Total | 26 | \$7,282.91 |

*Relief equals that amount which the Department's intervention helped in getting for the consumers.

Agent complaint statistics 2003-2013

| Year | Closed complaints | Relief* |
|--------------|-------------------|---------------------|
| 2003 | 56 | \$14,093.10 |
| 2004 | 33 | \$55,730.99 |
| 2005 | 44 | \$386,861.77 |
| 2006 | 25 | \$26,365.65 |
| 2007 | 32 | \$32,647.98 |
| 2008 | 34 | \$44,778.30 |
| 2009 | 28 | \$34,294.31 |
| 2010 | 24 | 0 |
| 2011 | 17 | \$104,783.00 |
| 2012 | 25 | \$224,381.98 |
| 2013 | 26 | \$7,282.91 |
| Total | 344 | \$931,219.99 |

Company complaint statistics 2003-2013

| Year | Closed complaints | Relief* |
|--------------|-------------------|-----------------------|
| 2003 | 310 | \$867,895.37 |
| 2004 | 278 | \$373,651.94 |
| 2005 | 220 | \$437,139.32 |
| 2006 | 205 | \$434,564.99 |
| 2007 | 201 | \$422,665.85 |
| 2008 | 241 | \$521,251.11 |
| 2009 | 236 | \$656,361.44 |
| 2010 | 211 | \$565,938.69 |
| 2011 | 197 | \$1,150,882.61 |
| 2012 | 180 | \$626,162.86 |
| 2013 | 169 | \$2,560,183.84 |
| Total | 2,448 | \$8,616,698.02 |

*Relief equals that amount which the Department's intervention helped in getting for the consumers.

Consumer assistance hotline statistics

| Year | Walk-ins | Incoming calls | Outgoing calls | Total calls | Relief |
|-------------|-----------------|-----------------------|-----------------------|--------------------|----------------|
| 2003 | 99 | 862 | 6,394 | 7,256 | \$653,922.66 |
| 2004 | 171 | 1,534 | 8,135 | 9,669 | \$1,030,267.58 |
| 2005 | 171 | 2,027 | 8,272 | 10,299 | \$589,114.85 |
| 2006 | 167 | 1,808 | 8,308 | 10,116 | \$629,222.47 |
| 2007 | 183 | 1,785 | 8,298 | 10,083 | \$581,652.38 |
| 2008 | 132 | 1,556 | 7,214 | 8,902 | \$295,098.38 |
| 2009 | 157 | 1,813 | 6,680 | 8,493 | \$659,519.08 |
| 2010 | 110 | 2,046 | 6,251 | 8,297 | \$101,205.11 |
| 2011 | 115 | 2,050 | 5,165 | 7,215 | \$702,117.47 |
| 2012 | 119 | 2,093 | 6,196 | 8,289 | \$294,301.79 |
| 2013 | 212 | 4,092 | 11,011 | 15,103 | \$4,118,807.71 |

Note: These figures do not include correspondence/material sent to consumers by staff members in these positions.

State Health Insurance Counseling Program (SHIC)

| Year | Number of contacts | Relief |
|--------------|---------------------------|---------------|
| 2003 | 493 | n/a |
| 2004 | 651 | n/a |
| 2005 | 3,198 | \$841,161 |
| 2006 | 6,351 | \$1,607,450 |
| 2007 | 9,484 | \$2,397,363 |
| 2008 | 15,907 | \$4,034,031 |
| 2009 | 18,529 | \$4,541,977 |
| 2010 | 13,194 | \$3,068,776 |
| 2011 | 12,270 | \$3,006,150 |
| 2012 | 11,372 | \$2,739,387 |
| 2013 | 9,758 | \$2,336,943 |
| Total | | |

Notes:

- Due to reporting system changes, relief information is not available for 2003 and 2004.
- An increase in calls in 2005 and 2006 was due to the introduction of Medicare Part D drug benefit.
- 2007–2009: relief is an estimate based upon national averages provided by CMS.
- 2010–2013: relief is an estimate based upon prior three years' average.

Prescription Connection

| 2013 | |
|------------------------|-----------|
| Persons helped* | 292 |
| Total estimated relief | \$592,813 |

| 2012 | |
|------------------------|-----------|
| Persons helped* | 360 |
| Total estimated relief | \$451,702 |

*Helped means applicant was eligible for at least one assistance program.

Prescription Connection relief is based on national averages for prescription costs.

Agent and company enforcement investigation relief

| | Agent | Company | Total |
|-------|----------------|---------|----------------|
| 2007 | \$675,577.13 | 0 | \$675,577.13 |
| 2008 | \$353,132.54 | 0 | \$353,132.54 |
| 2009 | \$14,555.79 | 0 | \$14,555.79 |
| 2010 | 0 | 0 | 0 |
| 2011 | 0 | 0 | 0 |
| 2012 | 0 | 0 | 0 |
| 2013 | 0 | 0 | 0 |
| Total | \$1,043,265.46 | 0 | \$1,043,265.46 |

Agent enforcement actions—fines

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------|------|---------|---------|---------|---------|----------|----------|
| Cease and desist | 3 | 0 | 3 | 3 | 6 | 6 | 3 |
| Fines | 0 | 2 | 18 | 21 | 1 | 24 | 22 |
| Probations | 1 | 5 | 20 | 19 | 14 | 15 | 18 |
| Revocations | 7 | 2 | 10 | 8 | 15 | 19 | 22 |
| Suspensions | 0 | 1 | 1 | 1 | 0 | 0 | 1 |
| Other | 4 | 5 | 40 | 18 | 11 | 41 | 123 |
| Total number of actions* | 15 | 15 | 92 | 70 | 47 | 105 | 189 |
| Total \$ amount of fines | 0 | \$3,000 | \$7,850 | \$8,950 | \$1,000 | \$27,625 | \$32,500 |

*The total number of actions may reflect multiple penalties of an individual action.

Note: These administrative actions do not reflect the suspensions/revocations for noncompliance with continuing education requirements in the state of North Dakota.

Company enforcement actions—fines

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------|--------------|-------------|----------|---------|------|-------------|-----------|
| Cease and desist | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| Fines | 2 | 2 | 2 | 2 | 0 | 11 | 8 |
| Revocations | 0 | 7 | 2 | 2 | 6 | 2 | 8 |
| Suspensions | 2 | 1 | 5 | 5 | 2 | 7 | 3 |
| Other | 1 | 3 | 10 | 12 | 0 | 5 | 9 |
| Total number of actions* | 4 | 5 | 13 | 14 | 8 | 25 | 28 |
| Total \$ amount of fines | \$753,978.62 | \$22,795.00 | \$35,000 | \$7,063 | 0 | \$1,229,736 | \$954,287 |

*The total number of actions may reflect multiple penalties of an individual action.

Fraud actions

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------------------------|--------------|----------------|----------------|--------------|--------------|
| Insurance fraud referrals received | 50 | 99 | 126 | 94 | 158 |
| Closed by arrest | 1 | 7 | 21 | 9 | 10 |
| Closed by exception | 2 | 4 | 1 | 1 | 2 |
| Closed due to jurisdiction | 1 | 2 | 3 | 5 | 32 |
| Closed due to statute of limitations | 12 | 48 | 60 | 15 | 3 |
| Lack of resources | 24 | 14 | 8 | 11 | 3 |
| Unable to prove | 5 | 9 | 12 | 2 | 5 |
| No evidence of crime | 5 | 10 | 14 | 7 | 16 |
| Declined by prosecutor | 0 | 0 | 1 | 1 | 1 |
| Referred | 6 | 13 | 8 | 7 | 9 |
| Open | | 0 | 0 | 30 | 78 |
| Amount of actual loss* | \$161,057.97 | \$2,190,236.80 | \$2,021,392.23 | \$714,103.78 | \$321,379.65 |

*This number reflects only those amounts that were reported by insurance companies; not all companies report the claim amount with their referral.