



Consumer Federation of America

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State Insurance Department Websites: A Consumer Assessment

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EXECUTIVE SUMMARY

This report analyzes Internet websites for the nation's 51 major insurance departments (all states and the District of Columbia) to determine two things:

1. Whether consumers can use this information to effectively shop for auto and home insurance and to have a better chance to get a good claims settlement; and
2. How well each state is doing in providing the information necessary for consumers to make such auto and home insurance decisions.

The report finds that many states, but not all, provide information that should help consumers make wise choices. It provides consumers with guidance on how to access key information from their state's insurance department website and provides multiple web page links for each state where consumers can find the data they need.

The report finds that six states provide exemplary information on their websites on shopping for home and auto insurance. These states are the states of California, Georgia, Kansas, Oklahoma, Texas and Utah. These states are models that other states should emulate. The fact that three of the states are small states shows that every state can accomplish excellence in web information for consumers. The report also provides information about which states are doing well and which are doing poorly in supplying this critical information to consumers.

CONTENTS OF REPORT

This report consists of an in-depth analysis of the web pages of all states and the District of Columbia regarding consumer information for auto and home insurance.

The first section of the report shows how consumers can use the links and information in Appendix 1 to find their home state's website, and specific sections on the website that can help consumers shop wisely for insurance or deal with a claim.

The second section of the report evaluates how comprehensive each state's website is in providing key insurance information and advice to consumers. A color-coded chart in Appendix 2 provides a snapshot of the completeness of information on each state's website. This section discusses the websites that are using "best practices" to inform consumers and provides information about how consumers can file a complaint with their state insurance department if the information on their home state website is inadequate.

The third section of the report shows the methodology we used to obtain and verify the information in the report.

The conclusion discusses the quality of current auto and home insurance information on state websites, what states need to do to improve it, and how consumers can benefit from using the data.

HOW CONSUMERS CAN EFFECTIVELY USE STATE INSURANCE DEPARTMENT WEBSITES TO IMPROVE THEIR PURCHASING DECISIONS AND THEIR CHANCES OF RECEIVING FAIR CLAIMS SETTLEMENTS

Appendix 1 creates a “roadmap” that allows consumers to find essential information about buying auto and home insurance in their state, as well as advice on getting the best claims settlement possible. This appendix contains links that will take a consumer directly to the page in their state’s website where the indicated information can be found.

First, the report evaluates whether the websites contain five key pieces of information on how to buy home and auto insurance: (1) a description of the types or sub-lines of home and auto insurance and the features of such coverage; (2) advice on how to compare prices and lower insurance costs; (3) a price comparison of policies offered by various insurance carriers; (4) the year in which these prices were valid; and (5) information on insurer solvency, either rating agency evaluations for each insurer or an easy-to-locate and well-explained link to such information.

Second, the report examines information regarding public enforcement actions against insurance companies. Specifically, it evaluates whether information regarding the results of “market conduct” exams of insurers conducted by state officials is online, if the website issues periodic alerts to consumers on possible scams or other issues that might affect them, and if the site offers an option to look up additional information about the company such as licensure and disciplinary actions, as well as agent licenses and disciplinary actions. It also assesses whether the website offered consumers the opportunity to submit complaints online and if there was complaint information, such as a complaint index, ranking insurers according to the number and type of complaints the state has received.

Finally, the report evaluates whether state websites provide advice to assist consumers who need to file an insurance claim. It examines whether the website explains the following:

- The concept of good faith in claims handling and the difference between first and third party claims;
- Why good record keeping is important in dealing with a claim;
- The proper timing for policyholders in filing claims and insurers in offering settlements;
- When policyholders should file a complaint with higher level executives at an insurance company or the insurance regulator, if they are not satisfied with the treatment they have received; and
- Why consumers should consider seeking legal assistance under certain circumstances.

Using the Information in Appendix 1:

The first section of Appendix 1 is “Buying Assistance.” This section is split into sub-sections regarding auto and home insurance coverage. Under each sub-section, key information can be located by clicking on the indicated URL, which will take the consumer directly to the specific section on the website. If a URL is not shown, the state did not have such information

on its website. NOTE TO USERS OF THESE LINKS: If you click on a URL and a page is not found, copy the full URL and paste it into your browser window and you should get to the correct page. If that does not work, the web page for the state insurance department may have been updated. Go to the site and click on “Consumer” to find the updated pages.

The key links that are displayed, if available in a state, will take consumers to basic information about the following:

- The types and features of auto and home insurance products;
- Methods that can be used to compare insurance costs;
- Actual price comparison information, including price data for certain types of consumers (usually shown by town and city);
- The year in which price information was collected, to determine if the data is current); and
- Solvency information to help determine if the company is financially solid, either through information on rating agency evaluations for each insurer or an easy-to-locate and well-explained link to such information.

The second section of Appendix 1 provides information on “Public Enforcement” by the state insurance department. It assesses whether the results of state “market conduct” exams are available, including specific information about whether companies have performed poorly. These exams are conducted by states to determine if insurers are obeying rules regarding the selling and servicing of insurance. The appendix also notes whether state websites provide news bulletins from the state on harmful practices by insurers or agents, a search function to determine whether specific companies or agents are licensed, and if they have been disciplined for bad actions.

The third section of Appendix 1 provides information on “Complaints and Claims Assistance.” Links to each state’s website are displayed, if they exist, to show how a consumer can file an online complaint about an insurer or agent, view information on how many complaints have been filed against insurers compared to others in the state, or view tips on settling claims.

The appendix notes whether state websites are providing information in seven specific areas that are important to helping consumers settle their claims fairly. First, consumers should be informed that their own insurance company owes them a duty of good faith in handling their claims, which means that the company must do everything in its power to make sure that policyholders receive the full amount they are due. If the company does not act in good faith, consumers have powerful rights in most states to ensure that the claim is paid in full. Second, consumers should be informed about the importance of keeping good records in dealing with claims. The chances of receiving assistance from state regulators or a favorable settlement in court improve dramatically if consumers keep detailed, clear records. Third, information about when a claim should be filed or settled is important as consumers must meet insurer-imposed deadlines after an insured event has occurred. Fourth, the difference between first party and third party claims should be explained. First party claims involve the policyholder’s own insurer, while third party claims involve another person’s insurer. In a first party situation, the

insurer is required under law to provide a full and fair settlement to their policyholders. Usually, there is no such duty for insurers when dealing with third party claimants, which means insurers are more likely to shortchange consumers, which requires special diligence on the part of the consumer. “Settlement Timing” is the fifth important area of information, indicating the deadlines by which insurers are required to act on a claim. The sixth area, “Complaint Filing,” shows whether websites provide specific information and advice on how to file an insurance complaint. The final section, “Attorney Help,” shows whether the website has information on when and how to seek help from a lawyer.

Specific steps consumers can take:

A. Buying insurance

1. Use the “Price Information” section of your state’s website to find the 10 cheapest companies for the coverage you need. Since the websites use examples, select the situation most like yours.
2. Use the “Complaint Index” data to see which of the 10 companies with lowest prices have the best record in providing quality service by having a lower complaint ratio than other companies. If you want more in-depth information on service problems that can occur, take a look at information about “Market Conduct Exams” or “Disciplinary Actions” that may be available about the insurers you are considering. Consumers should purchase insurance from companies that have a good service record to ensure that they do not have to fight with an insurance company to get a fair claims payment. Continue evaluating the six or seven insurers with lowest prices and best service.
3. For these six or seven companies, check the “Solvency Rating” section to make sure the company has the most favorable ranking.
4. Call the five insurers with the best price, services and solvency ratings to get a specific quote for you. Use the “Types and Features” section of the website to select the best coverage you want. Make sure that all the quotes you receive are for the exact coverage and policy limits you want.

B. Getting the best claims result

1. Click on each of the seven “Claim Settlement Tips” to make sure you are in a position to get the best possible settlement when you file a claim.

C. Filing complaints about insurers

1. Use the “Online Complaint Submission” link to complain if an insurer does not treat you fairly or legally in offering insurance coverage or in handling your claims.

HOW STATE INSURANCE DEPARTMENT WEBSITES PERFORM

Appendix 2 offers a comparison of how much key information is available on each state website. This color-coded chart shows where information is good to excellent (highlighted in green), where it is fair to poor (in orange) and where information is missing or outdated (in red).

Column B, “State Responded to Call for Information,” indicates whether the state assisted CFA by verifying the accuracy of the information that was collected. It is a sign of indifference to consumers if states refused to help assure that the information that is presented is accurate and complete. It is shaded green if a state responded and red if it did not.

Columns C and D indicate whether the state has price information on auto and home insurance. If the information exists and is relatively recent (from 2006 to 2008) it is highlighted in green. If the information is not included on the site or is for coverage offered before 2006, it is highlighted in red. The year of the price information is also shown in these columns, where such information is available.

Columns E and F indicate whether a state has solvency data to help consumers determine the financial strength of insurance carriers. If the site has information about solvency rates for specific companies, it is coded green. If the site links to a rating organization, which may require payment for company-specific information, it is coded orange. If no solvency data or links to such data are included on the site, it is coded red.

Columns G and H indicate whether data for complaints for auto and home coverage are available on the site, with green signifying that the information is available and red indicating that it is not.

Column I indicates if the state posts market conduct examinations on the web, green means that the state does and red that it does not.

Columns J and K show the search capacity for looking up information on insurers and agents. Green means there is such a capacity and a consumer can look up both licensure and disciplinary information. Orange indicates that only licensure information is available. Red means there is no search function.

Column L is highlighted in green if consumer alerts are available on the site and in red if this information is missing.

The final column, column M, entitled “Claims Information Number of 7 Areas Reviewed,” is highlighted in green if information for at least six of the areas is provided, in orange if information on three to five areas is offered, and in red if information for two or fewer areas is available.

Our detailed review shows the states of California, Georgia, Kansas, Oklahoma, Texas and Utah provide excellent quality consumer information on their websites. These are the states

that are using “best practices” in providing information to their residents that other states should emulate.

States with good but not excellent websites include Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Maine Missouri, New Jersey, Ohio, Oregon, and Wisconsin.

States with fair websites include District of Columbia, Illinois, Kentucky, Louisiana, Maryland, Michigan, Montana, New Hampshire, New York, North Carolina, North Dakota, Pennsylvania, South Carolina, Virginia *, and Washington.

States with inadequate websites include Alabama, Connecticut, Hawaii, Idaho, Indiana, Iowa, Massachusetts, Minnesota, Mississippi, Nebraska, Nevada, New Mexico, Rhode Island, South Dakota, Tennessee, Vermont, West Virginia, and Wyoming.

Looking at the six “Best Practices” states, three of them have smaller populations, showing that all states could reach this level of excellence. Kansas only has links to rating information on solvency and has limited information on claims matters. Oklahoma does not have auto and home insurance complaint indices on their website. Otherwise the information on their website is quite complete and current. Utah offers all necessary information except for market conduct exam results. Moreover, the information Utah provides on insurer solvency is offered only by link, rather than directly on the site.

Of the three larger states using best practices, Georgia’s only problem is that solvency data is not directly available, although the state does provide links to rating agencies for such information. Texas’ website is quite comprehensive and up-to-date except for the lack of market conduct exams online. California’s site is also complete and current but it requires a consumer to use a link to a rating agency for solvency information.

METHODOLOGY

In order to review the auto and home insurance information shown for websites in each of 51 jurisdictions (50 states plus the District of Columbia), CFA thoroughly evaluated websites between January and June of 2008. CFA’s evaluation was based on research initially conducted by CFA with the significant assistance of Consumers Union, publisher of Consumer Reports.

We identified web links or URLs for each data point examined on each website, so consumers can easily find information they need. This information is displayed for each state as the material in Appendix 1, “State-by-state information available to help consumers with auto and home insurance purchases and claims settlements.”

Once this information was tabulated, we sent it in draft form to each state for verification. (See Appendix 3 for a copy of the July 2, 2008 letter from CFA to each state.)

* After the report was released, we found that Virginia had later price information so that their score is changed from “Fair” to “Good.”

Twenty-four states did verify the accuracy of the data being examined on their web pages and 27 did not. We are confident that our data in the 24 states is accurate. Given that the 24 states that examined this data found few errors leads us to believe that the data we are providing for the other 27 states is substantially accurate and that consumers in all states will benefit significantly by using the information in this report.

We should point out that the information, since we have been processing this material for several months, may be out of date if a state has made changes in the recent past. If a URL does not work, it is likely because of a state updating the material.

In order to rank the states for excellence, we used the following approach:

States that had current (2008) price data for auto insurance or home insurance received 15 points for each type of coverage. States with older price information received fewer points: 10 points for 2007 data, 5 points for 2006, and 2.5 points if older. If there was no price data the state received no points.

For solvency data, states received 10 points each for auto and home insurance if the information was made directly available on the website and 5 points if the site provided links to information available on rating agencies sites, and no points if no rating information was offered.

For complaint indices, states received 10 points each for auto and home insurance if the information was available, and no points if the information was not offered.

A state received 5 points for each of the following: offering market conduct exam information, posting consumer alerts, and responding to CFA's request to verify data in this report.

If state websites allowed users to search by either the name of an insurer or agent they received 2.5 points for each. An additional 2.5 points each was awarded for sites that displayed information about disciplinary actions taken against insurers or agents.

Finally, states received up to 10 points for providing claims information, as follows: 10 points for covering all seven areas that were evaluated; 9 points for providing information in six areas; 8 points for 5 areas; 6 points for 4 areas; 5 points for 3 areas; 4 points for 2 areas; 2 points for 1 area and no points if claims information was not available.

States could receive up to 105 points. Scores of 79 and greater were considered excellent. Scores of 65 to 78 were considered good, but not the best. States with scores of 50 to 64 were considered fair. States that received fewer than 49 points had inadequate websites to properly help consumers in shopping and/or claims processing.

CONCLUSION AND RECOMMENDATIONS

CFA finds that many states, but not all, provide some information that should help consumers make wise insurance choices. This report provides information about relevant

sections of state insurance department web sites, with links to those sections, that will help consumers shop better for insurance and improve their chances of getting a fair and adequate claims settlement.

CFA recommends that:

1. States should look to the five “best practice” states as examples of how to upgrade the insurance information they offer to consumers. The states of California, Georgia, Oklahoma, Texas and Utah provide exemplary information on their websites on shopping for home and auto insurance. The fact that two of these states are small in population shows that every state provide high quality web information for consumers.
2. Consumers should use their state web site to shop more wisely and also to get better claim results.
3. Consumers should complain by letter to their state Governors (with a copy to the Insurance Commissioner) if their state does not have information this report indicates that they need or if the information is too old to be useful.

APPENDICES

Appendix 1 – State-by-state information available to help consumers with auto and home insurance purchase and claims settlement.

[Alabama](#)
[Alaska](#)
[Arizona](#)
[Arkansas](#)
[California](#)
[Colorado](#)
[Connecticut](#)
[Delaware](#)
[District of Columbia](#)
[Florida](#)
[Georgia](#)
[Hawaii](#)
[Idaho](#)
[Illinois](#)
[Indiana](#)
[Iowa](#)
[Kansas](#)
[Kentucky](#)
[Louisiana](#)
[Maine](#)
[Maryland](#)
[Massachusetts](#)

[Michigan](#)
[Minnesota](#)
[Mississippi](#)
[Missouri](#)
[Montana](#)
[Nebraska](#)
[Nevada](#)
[New Hampshire](#)
[New Jersey](#)
[New Mexico](#)
[New York](#)
[North Carolina](#)
[North Dakota](#)
[Ohio](#)
[Oklahoma](#)
[Oregon](#)
[Pennsylvania](#)
[Rhode Island](#)
[South Carolina](#)
[South Dakota](#)
[Tennessee](#)
[Texas](#)
[Utah](#)
[Vermont](#)
[Virginia](#)
[Washington](#)
[West Virginia](#)
[Wisconsin](#)
[Wyoming](#)

Appendix 2 – Chart showing completeness of each state’s web information for auto and home insurance:

<http://www.consumerfed.org/elements/www.consumerfed.org/File/Appendix%202%20color%20chart.pdf>

Appendix 3 – July 2, 2008 letter from CFA to each state asking for assistance in verifying the accuracy of the information used in this report:

<http://www.consumerfed.org/elements/www.consumerfed.org/File/Appendix%203%20example%20letter.pdf>