

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

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**DIVISION OF INSURANCE**

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NEWS RELEASE

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INSURANCE DIVISION SAVES COLORADO \$78.2 MILLION

Denver – The Colorado Division of Insurance, within the Department of Regulatory Agencies, has saved Coloradans approximately \$78.2 million through its review of insurance rates and market conduct actions since May 2007.

“I am very proud of my staff and appreciate their hard work. This \$78.2 million reflects many actions taken by the Division, some which directly reflect premium reductions and some that are penalties to curb unlawful behavior,” said Insurance Commissioner Marcy Morrison.

Workers’ Compensation - \$72.5 million

The Insurance Commissioner’s order to reduce the base rate for workers’ compensation represents \$72.5 million in premium savings for employers. After a hearing and consideration of all evidence presented, Commissioner Morrison concluded that a 7.5% decrease to the loss costs, or base rate, was justified and appropriate. She ordered that the state’s statistical agent amend its filing accordingly. The 2008 loss costs represent a 7.5% decrease from the 2006 loss costs¹. Although individual employer workers’ compensation premiums are affected by many other rating factors, Colorado aggregate workers’ compensation premiums paid in 2008 will likely be reduced as much as \$72.5 million compared to current premiums.

<http://www.dora.state.co.us/insurance/industry/2007/2007NCCIOOrder.pdf>

Contested Rate Filings - \$4 million

The Division’s actuaries reviewed and contested rate filings for two insurers resulting in consumer savings of \$3.9 million. The insurers, the Hartford Insurance Group for commercial multi-peril insurance and Penn Treaty Network American Insurance Company for long-term care insurance, submitted rate filings to the Division. The Division’s actuaries reviewed the filings and determined the filings to be “excessive” and challenged the filings. The companies agreed with the Division’s actuaries and decreased the rate filings. <http://www.dora.state.co.us/insurance/pr/052307.pdf>

Premium Tax Settlement - \$1 million

Commissioner Morrison also signed a stipulation with the Surplus Lines Association last week to return \$925,000 to policy holders and donate \$75,000 to CoverColorado, the state’s high-risk insurance pool. This settlement resolves an issue raised by the State Auditor’s Office in a 2005 performance audit of the Division concerning the collection of premium tax.

<http://www.dora.state.co.us/insurance/pr/2007mediareleases/sla-stip103107.pdf>

¹ There was not a filing for loss costs in 2007. Therefore, the loss costs for 2006 and 2007 are the same.

Market Conduct Fines - \$810,000

Over \$810,000 has been assessed against insurance companies for violations of Colorado law through performance audit functions of the division called market conduct actions. “Market conduct actions are very important. They allow the Division to ensure that companies are in compliance and identify areas of improvement,” noted Commissioner Morrison.

Specifics of the market conduct actions are available on the division’s website at:

<http://www.dora.state.co.us/insurance/pr/102507.pdf>

<http://www.dora.state.co.us/insurance/pr/2007mediareleases/CignaOct207.pdf>

<http://www.dora.state.co.us/insurance/mcexam/2007/Stewart%20Title%20Guaranty%20Co%20final%20order%20w%20Sig.pdf>

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“The Mission of the Division of Insurance is Consumer Protection.”

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