



NEWS RELEASE

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CONTACT: Jo Donlin, Colorado Division of Insurance, 303.894.2950
Chris Lines, DORA Public Information Officer, 303.894.7873

DORA's Division of Insurance Issues Order to American Underwriters for Improper Rates; Overcharged Colorado Consumers to Receive \$875,500 in Premium Refunds

DORA's Division of Insurance's year-long review of insurance companies offering credit insurance in Colorado revealed the use of inaccurate rates and an overcharge of nearly \$655,000 plus interest to Colorado consumers by American Underwriters Life Insurance Company of Kansas.

In March 2009, the Division initiated an industry-wide review of all insurance companies offering credit insurance products in Colorado to determine if they were in compliance with the rating requirements. Credit insurance is sold to consumers to pay credit card or other loan debt in the event of death, disability or loss of employment.

"We are glad Division of Insurance analysts discovered this error so the money will be refunded to consumers as it should be," said Insurance Commissioner Marcy Morrison. "The refund amounts will range from \$100 to as much as \$3000, and we understand the company is moving quickly to contact consumers who are affected."

The Division's review revealed the company used inaccurate premium rates which resulted in an overcharge of \$654,966.94 in premium to Colorado consumers who were issued a certificate of coverage between December 1, 2002 through October 13, 2009.

When presented with the findings, American Underwriters acknowledged the rates did not comply with Colorado insurance law, and agreed to refund the overcharged amount plus 7 percent annual interest to consumers. Interest will be calculated from the date the certificate was issued through August 1, 2010. The total of interest and overcharged premium to be refunded totals \$875,453.62.

American Underwriters will notify affected consumers by mail at the last address on file to confirm current addresses. Refunds will be issued within 60 days of the date of the Final Agency Order, which was dated July 22 of this year.

The Final Agency Order can be found on the Division of Insurance website at <http://www.dora.state.co.us/insurance/enforcement/2010/cinvAmericanUnderwritersLifeInsCo072210.pdf> under "2010 Enforcement Actions."

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DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.