

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES

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Two Insurance Companies Refund Colorado Customers \$5.7 Million for Billing Errors and Inaccurate Recordkeeping

Thousands of Colorado insurance consumers who had policies with either of two companies have recently received checks reimbursing them for errors made by the companies. The two insurance companies, Anthem Blue Cross Blue Shield (health insurance) and the Hartford Group (commercial automobile insurance), are currently correcting problems and returning money owed to individuals and companies who were harmed by a variety of accounting and other errors.

"These errors, while not intentional, harmed consumers and businesses, by imposing costs on consumers where there should not have been costs," said Marcy Morrison, Colorado's Commissioner of Insurance. "I'm relieved that both companies are taking steps to restore monies owed to their customers and to prevent this from happening again."

In the summer of 2006, Anthem Blue Cross Blue Shield, a health insurance company offering health benefits coverage to more than 800,000 Coloradans, switched to a new computerized claims processing system intended to manage accounts, but within a few months, many consumers complained to the Division of Insurance about errors in recordingkeeping and claim processing. The complaints were apparently due to conversion to the new system, which did not capture the information needed for a smooth transition.

The new system failed to correctly track and maintain the policyholders' previous claim histories with the company, and as a result, denied some claims, incorrectly calculated benefits and reset some deductible histories at "zero" instead of adding to the individual's total deductibles paid to date for the year.

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"The Mission of the Division of Insurance is Consumer Protection."

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During a process that has lasted more than a year, Anthem Blue Cross Blue Shield worked with the Colorado Division of Insurance to properly identify the affected individual consumers and groups to restore accounts and return money owed to customers. By December of 2007, checks were sent for reimbursement and interest to the majority of people who were affected by the inaccuracies and either overcharged or denied claims. Anthem Blue Cross Blue Shield is still working to identify and reconcile the remaining affected parties to make them whole, which involves the manual recalculation of many account histories.

So far, with interest, nearly \$3.2 million has been restored to more than 7,200 consumers with Anthem Blue Cross Blue Shield health insurance policies.

On the commercial insurance side, the Hartford Financial Services Group, which offers commercial automobile insurance in Colorado, discovered that nearly 5,000 commercial auto policyholders had been overcharged for insurance premiums for several years. The Hartford companies involved in the refund are Hartford Casualty Insurance Company, Hartford Fire Insurance Company, Hartford Insurance Co. Of The Midwest, Hartford Underwriters Insurance Company and Twin City Insurance Company.

These commercial policyholders were charged premiums which included "no-fault" insurance incorrectly, since Colorado's "no fault" law was repealed in July of 2003. So far, the premiums returned to the policyholders by the Hartford Group total more than \$2.5 million, including interest. The average refund per policyholder is about \$540, although some policy holders received as much as \$20,000 back due to the incorrect billing and resulting premium overpayment.

The Colorado Division of Insurance regulates the insurance industry and assists consumers and other stakeholders with insurance issues. The Division performs both market conduct and financial examinations on insurance companies licensed to conduct business in the state. The exams determine compliance with Colorado insurance laws by identifying violations and ensuring company solvency.

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