Complaint Handling

1:00 –1:45 PM

2021 Compliance Fundamentals Training Conference

Faculty

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Agenda

- What Is and Is Not a Complaint
- How Complaint Data is Used
- Internal Impacts
- Responding to Complaints
- What Not to Do

Q&A

To submit a question during the presentation, click on the **"Q&A"** button to the right of the presentation content on your screen.

Defining a Complaint

How Complaints are Received:
Letters, emails, social media posts, premium remittance, via producers, with survey responses, from the state DOIs, governors, legislators, attorney generals, etc.

The NAIC Model Regulation

Model Regulation #884 (1992):
[Link to Model]

- Defines “Complaint”
- Specifies Record Keeping Requirements

State DOI Definitions and Requirements may vary

NAIC Model Laws, Regulations, Guidelines and Other Resources—July 1992

MODEL REGULATION FOR COMPLAINT RECORDS TO BE MAINTAINED PURSUANT TO THE NAIC UNFAIR TRADE PRACTICES ACT

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Attachment B Explanation

Preface

This regulation is designed to implement provisions of the Unfair Trade Practices Act regarding complaint recordkeeping. A proper record of complaints serves a dual purpose. It assists the Insurance Department in overseeing the performance of its licensees. In addition, it can serve as a valuable management tool. It permits management to quickly determine how well the company is doing in its dealings with its policyholders and the public. It can identify those areas where improvement is necessary and management can direct its attention accordingly. The recordkeeping procedures specified in the regulation are minimum requirements. Insurers are urged, however, to supplement these procedures and to provide for periodic review of the records in order to maximize the value of its complaint records as a management tool.

While "complaint" is defined both in the Act and in this regulation, it will be necessary on occasion to distinguish an inquiry or other communication from a "complaint." Not every contact by a policyholder or claimant questioning some action by the insurer will constitute a "complaint." Differentiating an "inquiry" from a "complaint" will in many cases involve judgment, which we expect to be applied reasonably. The essential question is: has the writer expressed a grievance? One person who calls your attention to a typographical error in the spelling of his name on a policy may merely be passing on information. Another may be expressing a grievance. The distinction lies in the language used in the letter and in a reasonable interpretation of that language.

Section 1. Authority

This regulation is promulgated pursuant to the authority granted by Section [insert applicable section] of the Unfair Trade Practices Act.

Section 2. Purpose

Section [insert applicable section] of the Unfair Trade Practices Act makes it an unfair trade practice for a person subject to the Act to fail to maintain a record of complaints as specified in such section. The purpose of this regulation is to prescribe the minimum information required to be maintained in such a record of complaints in order to comply with the statute and to set forth a format for such record which may be used by any person subject to this regulation.

Section 3. Content of Complaint Record

Attachment A of this Regulation sets forth the minimum information required to be contained in a person's complaint record in order for it to comply with the statute. Refinements and additions to the information specified therein may, of course, be maintained in such complain record. Attachment B of this regulation contains an explanation of the various headings, codes and other notations contained in Attachment A. The codes are used in order to simplify both the identification of the action underlying the complaint and the keeping of the records.

Unique State Requirements

Don’t forget about unique state
Department of Insurance (DOI) requirements!

Definitions Codes
Response Timing
Submission Requirements

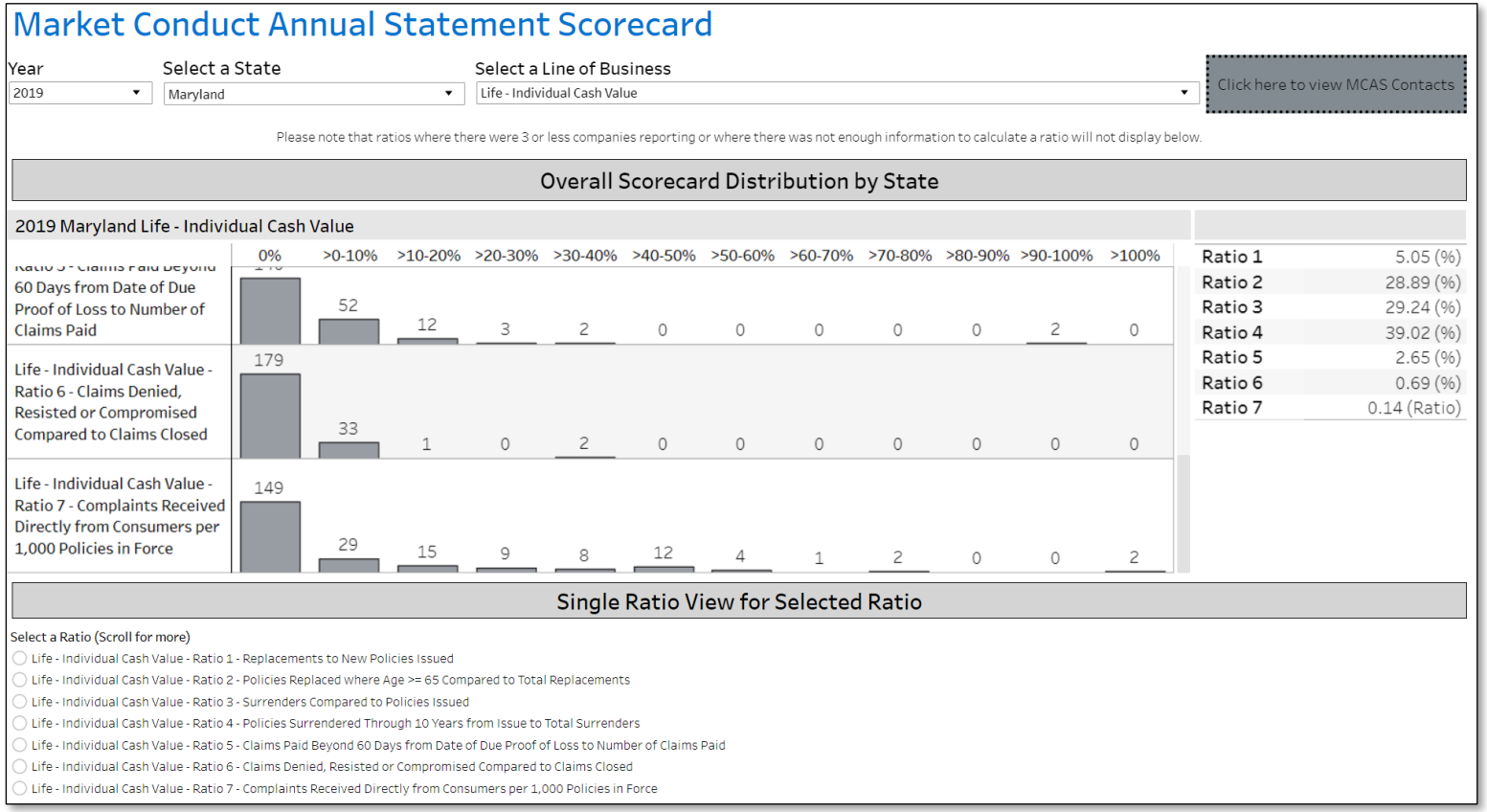
Complaint Information

Market Conduct Annual Statement

Market Conduct Annual Statement (MCAS):

- Consumers can access Scorecard information

1



Future Company Examinations

Market Conduct Examinations:

- Standard Data Requests (SDRs)
- Examination Standards and Interrogatory Questions

2

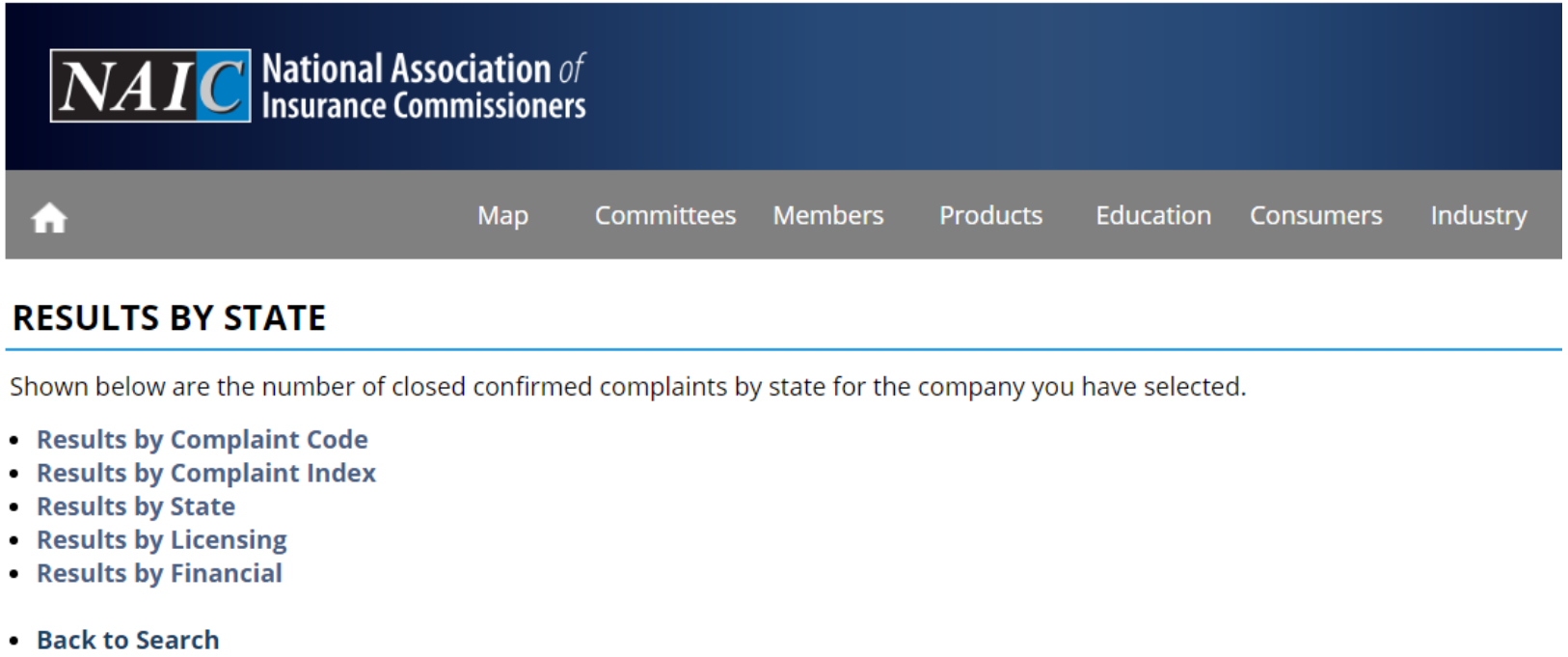
Chapter 16—Complaint Handling Standards	
The complaint handling review includes, but is not limited to, the following standards addressing various aspects of a regulated entity's operations.	
Standard Number	**Text of Standard**
1	All complaints are recorded in the required format on the regulated entity's complaint register.
2	The regulated entity has adequate complaint handling procedures in place and communicates such procedures to policyholders.
3	The regulated entity takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations and contract language.
4	The time frame within which the regulated entity responds to complaints is in accordance with applicable statutes, rules and regulations.

NAIC Published Information

Complaint Ratios and Related Data:

- Consumers can access searchable results

3



Internal Impacts

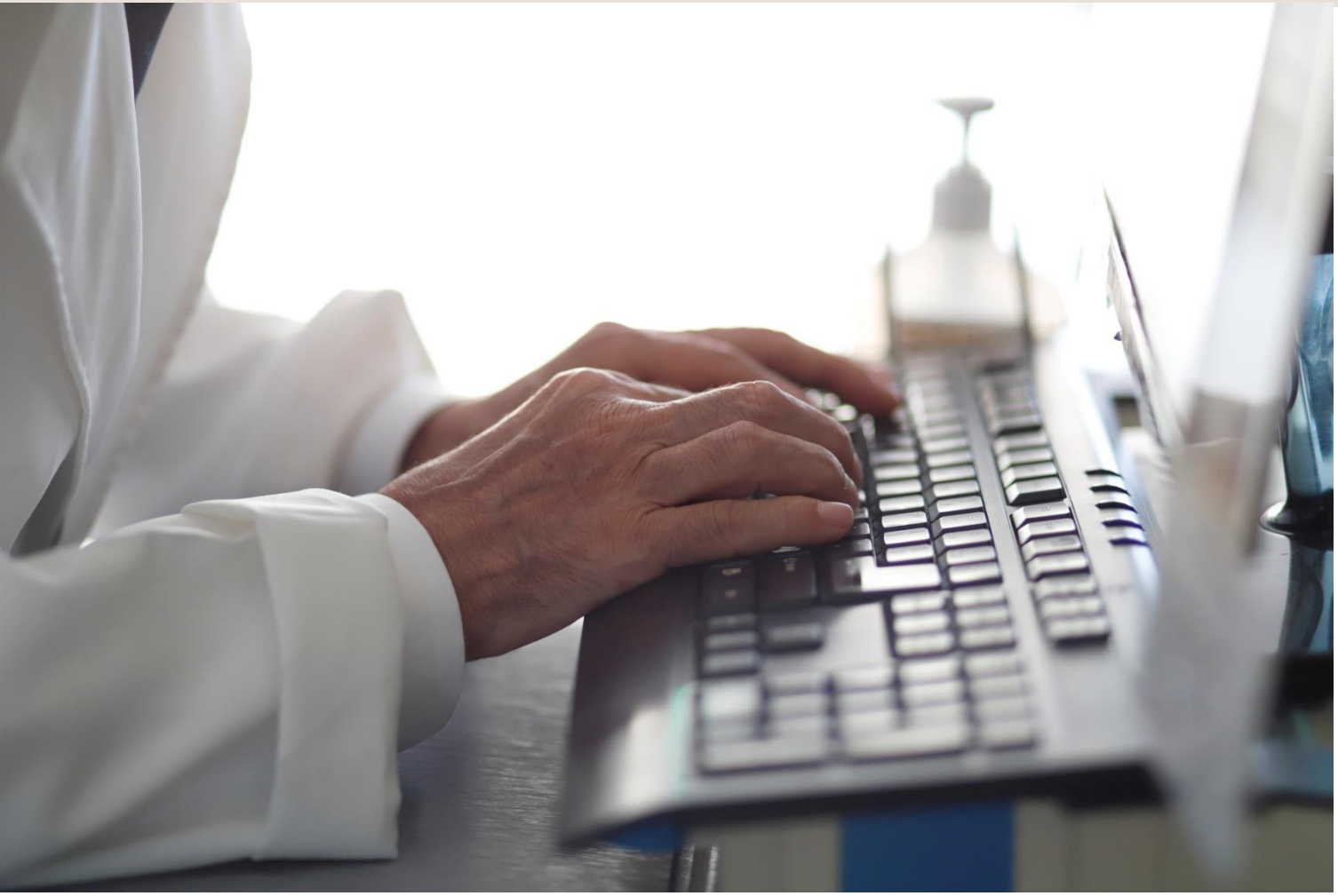
4

Reputation

Financial Impacts

Potential Litigation

Responding to Complaints



- Educate Producers
- Educate Business Partners
- Centralize and Log
- Date Stamp
- Review and Analyze
- Answer the Question
- Polished Communications
- Respond Timely: Consumers
- Respond Timely: Regulators
- Validate Correct Coding
- Policies & Procedures
- Record Retention

Examples of what **NOT** to Do

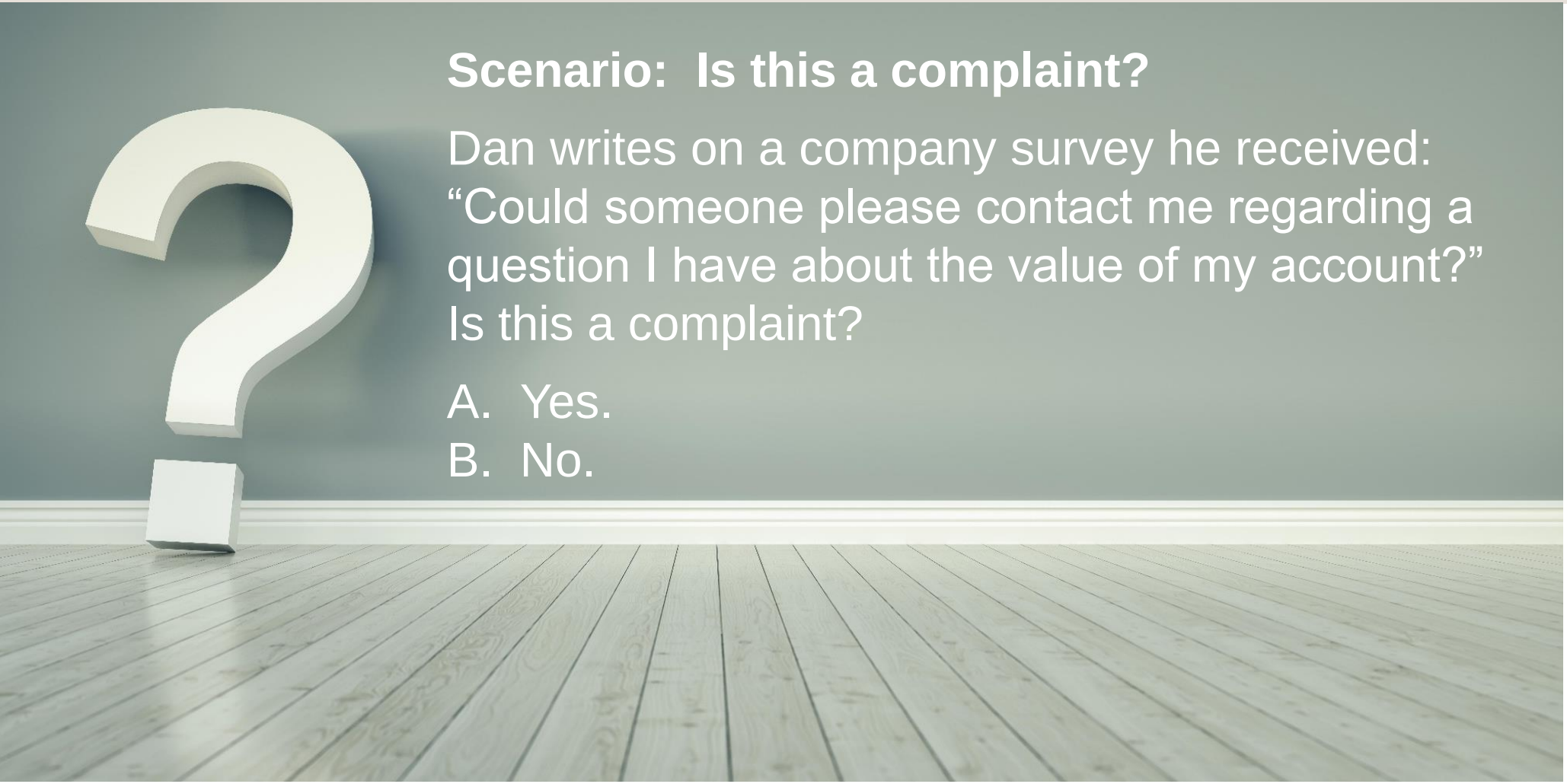
- Act Unprofessionally—Attention: “[Insert Name]”
- Throw Others Under the Bus
- Fail to Respond Timely
- Fail to Respond to All Issues Raised
- Fail to Carefully Read Producer Statements
- Fail to Proofread Your Response (to consumer and regulator)

Complaints Are a Gift

- Share Information with Stakeholders
- Identify Trends (e.g., communications, processes, contract/policy forms, producer allegations, etc.)
- Recognize Training Opportunities
- Look for Systemic Improvements
- Retain Clients
- Gain the Respect of Regulators

Protect Policyholders
Protect the Company's Reputation
Protect the Company's Financial Assets

Applying the Learnings



Scenario: Is this a complaint?

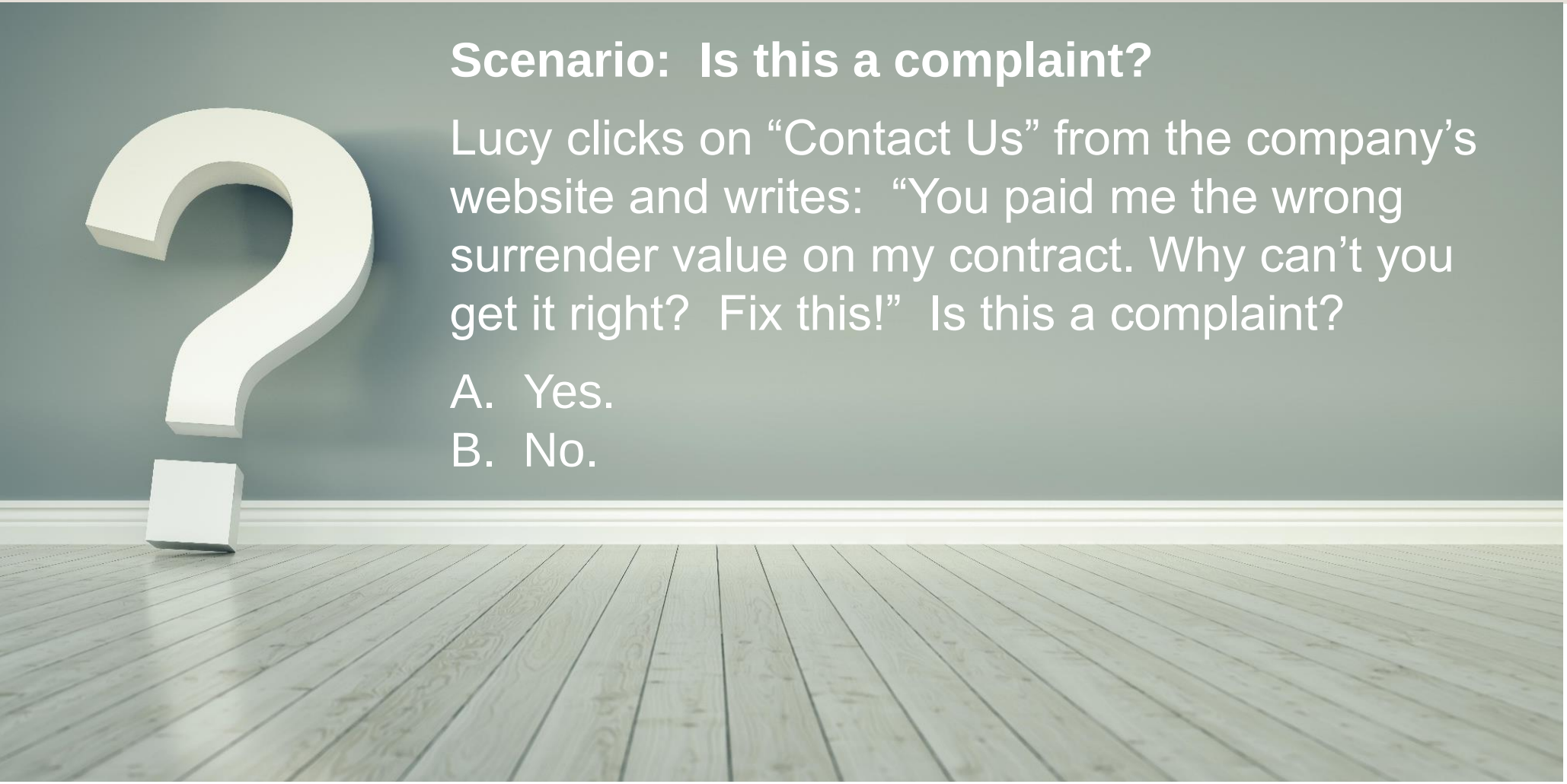
Dan writes on a company survey he received: "Could someone please contact me regarding a question I have about the value of my account?" Is this a complaint?

A. Yes.
B. No.

Polls

- Please use the "**Polls**" button located to the right of the presentation on your screen, to provide your response.
- Responses are anonymous.
- Only individuals who complete the poll will be able to see the poll results.

Applying the Learnings



Scenario: Is this a complaint?

Lucy clicks on “Contact Us” from the company’s website and writes: “You paid me the wrong surrender value on my contract. Why can’t you get it right? Fix this!” Is this a complaint?

A. Yes.
B. No.

Polls

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Questions

Questions?
Please Ask!

Q&A

To submit a question, please click on the Q&A button to the right of the presentation content on your screen.

Reminders

- Please complete the **post-event survey**—we value your feedback.
- If you attended the live event and would like to receive a **Certificate of Attendance** template form for your use in self-submitting for CLE or CE credit with the organizations you are affiliated with, please email NancyPerez@cefli.org. The form will allow you to identify the specific sessions you attended, and it includes a copy of the agenda, with session descriptions.

Up Next

Break

1:45 – 2:00 PM

Replacements

2:00 – 2:45 PM