

Mission Statement

The mission of the New Hampshire Insurance Department is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. We are committed to doing so in an honest, effective and timely manner.

Overview- Homeowner Complaints

The following report provides a brief overview of complaint data collected by the New Hampshire Insurance Department and the NAIC®. Unless otherwise noted, the data reflects calendar year 2015.

Methodology

Complaint data is provided to NHID via three channels:

From Consumers:

From NAIC:

From Companies:

Complaint data is collected annually by the New Hampshire Insurance Department pursuant to RSA 417XVII (c). Licensed insurers are required to report the information, regardless of the nature or disposition of the complaint. This data is further classified by the nature of the complaint (underwriting, claims, sales, etc)

Additionally, companies submit complaint data to the NAIC which is available to state regulatory agencies. This data reflects complaints received directly from consumers, but does not include complaints reported to the NH Insurance Department.

Caveats

The nature of complaints are often difficult to categorize, or may involve multiple concerns. The cause of a complaint may be subject to the recipient's interpretation. Lastly, a company may have an incentive to underreport complaints in some instances. Since the data is not received from the same sources or collected for the same purposes, it is not consistently categorized.

Summary

The New Hampshire Homeowners insurance market is competitive. Consumers have the choice of doing business with many companies that service both regional and national markets. A number of companies meet or outperform the NAIC benchmark Complaint Index of 1.0.

Complaint data is one of several factors consumers should consider when choosing a homeowner's insurer. Consumers may place more or less weight on those factors that are important to them and consider other reputable sources of information.

More Homeowners information for consumers can be found on the NHID website at <http://www.nh.gov/insurance/consumers/homeowner.htm> or by contacting Douglas Rees at 603.271.2686 or douglas.rees@ins.nh.gov

Definitions

Complaint

Per Docket No. INS 04-003-AB (January 14, 2004), a complaint is a communication primarily expressing a grievance. Grievance is defined as any expression of dissatisfaction.

Complaints submitted to the NH insurance department are classified as either "confirmed" or "non-confirmed". A Confirmed Complaint is one in which a violation of a statute or administrative rule occurred. Non-Confirmed complaints are those in which no violation of a statute or rule occurred.

Complaint Index

$$\text{Complaint Index} = \left[\frac{\text{Company Complaints}}{\text{Company Premium}} \Bigg/ \frac{\text{Industry-Wide Complaints}}{\text{Industry -Wide Premium}} \right] \times 100$$

The Complaint Index provides a basis of comparison between complaints and market share (premium). Companies that have the same Complaint Indices are performing similarly, regardless of their size or market share, or number of complaints. A Complaint Index of 1.0 means the company's is performing similarly to its peers. A higher number generally implies the company generates more complaints than its peers relative to market size.

Group Code

A three digit number assigned to an entity where an affiliation (common ownership) of companies occurs. Data shown for the Group includes data for multiple companies in most cases.

National Association of Insurance Commissioners (NAIC)

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories.

Overview-Homeowners Insurance

Homeowners insurance provides indemnity for loss or damage to your home, and personal property. It also provides legal defense and indemnity for litigation arising from your negligence. While Homeowners is not required by statute in New Hampshire, banks and mortgage companies will require the coverage to protect their interests in property when the property is mortgaged.

Homeowners Insurance is generally sold through one of three distribution channels; a local independent agent that represents multiple companies, a captive agent that represents only one company, or directly from the company via telephone or internet sales. Neither distribution channel is better or necessarily less expensive, but may provide different services.

Factors that Influence Homeowners Premiums

Companies are required to file rates with the New Hampshire Insurance Department, and charge premium based on those filed rates. Some of the factors that influence rates are:

- Quality / Type of Construction
- Fire Protection Class
- Location
- Personal Characteristics of the named insured, such as Credit and Loss History
- Replacement Cost of the Home (which may be different from Market Value)
- Discounts
- Deductibles

How to Use This Information

The New Hampshire Insurance Department can not recommend an insurer, but can provide data relative to complaints generated by each insurer or group. The information is presented so that consumers can measure an insurer's complaints relative to its market size.

Consumers should look at the Complaint Indices. The Complaint Index compares the number of complaints to the company's market share, reducing distortions that can be caused by smaller or larger data points. A lower complaint index suggests the company will generate fewer complaints.

Consumers shopping for homeowners, renters, or auto insurance should consider other sources of information as well the Complaint Index data to make an educated decision. Consumers may also want to consider:

- Affordability
- Coverage
- Financial Strength of the Company
- Other consumer satisfaction ratings
- Service (local Agent or Direct via Website, phone, mail)

While financial rating services, such as AM Best®, Moody's® or Standard and Poor's® provide financial ratings based on the insurers ability to meet financial obligations, they do not address policyholder satisfaction. Both Consumer Reports® and JD Powers ® publish reports relative to policyholder satisfaction.

Functional Areas of Insurance

Like most industries, insurance companies are segmented into functional areas or business units to achieve common goals. To better understand the complaint data provided, the following general descriptions are provided.

Claims- "Claims Adjuster", or "Claims Representatives" are licensed in most states. Claims Adjusters investigate the facts of the loss, apply these facts to the policy language and determine if the loss should be paid or denied. In many cases they will also determine the value of the loss.

Sales- Sales is responsible for collecting underwriting information, explaining the benefits of the policy, and providing policy quotes. Sales may be done through a local agent or directly online or by phone, depending on the company's business model. Sales agents must also be licensed in most states for the specific types of insurance they sell.

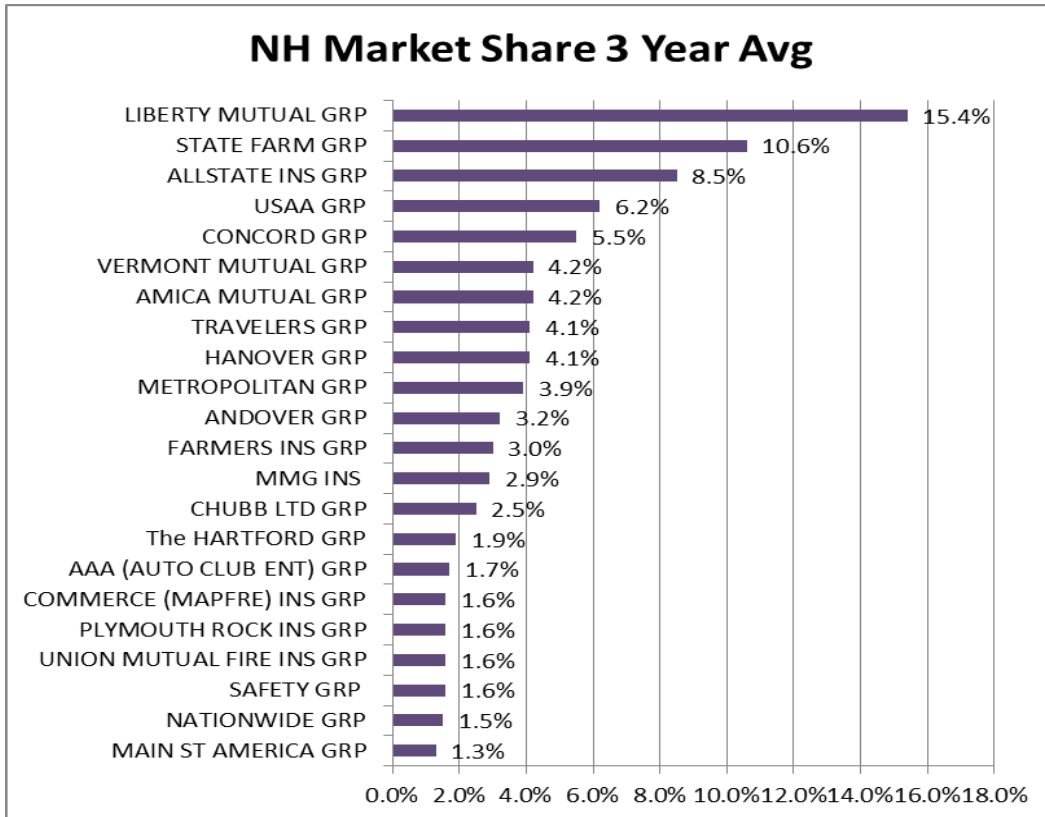
Underwriting-The Underwriting unit of a company is responsible for managing the risk of the company's insured portfolio, determining what risk the company will insure. Insurers can determine what types of risks they want to insure, provided they are not unfairly discriminatory, and are filed with NHID. Likewise, they can set their own guidelines for condition, construction, and use of the property, rejecting those that they do not believe fit their guidelines. Underwriting a risk usually involves a review of the individual's insurance credit score, loss history, construction and use of the property, as well as the location and other factors.

Rating-The Rating unit of an organization is generally responsible for the rate that is charged. This is determined from a company's loss experience and other actuarial data.

Policyholder Service-Policyholder Service is generally the front line staff that interacts with the consumer to make policy changes, address billing inquiries, or provide general information about the policy coverages.

Market Share

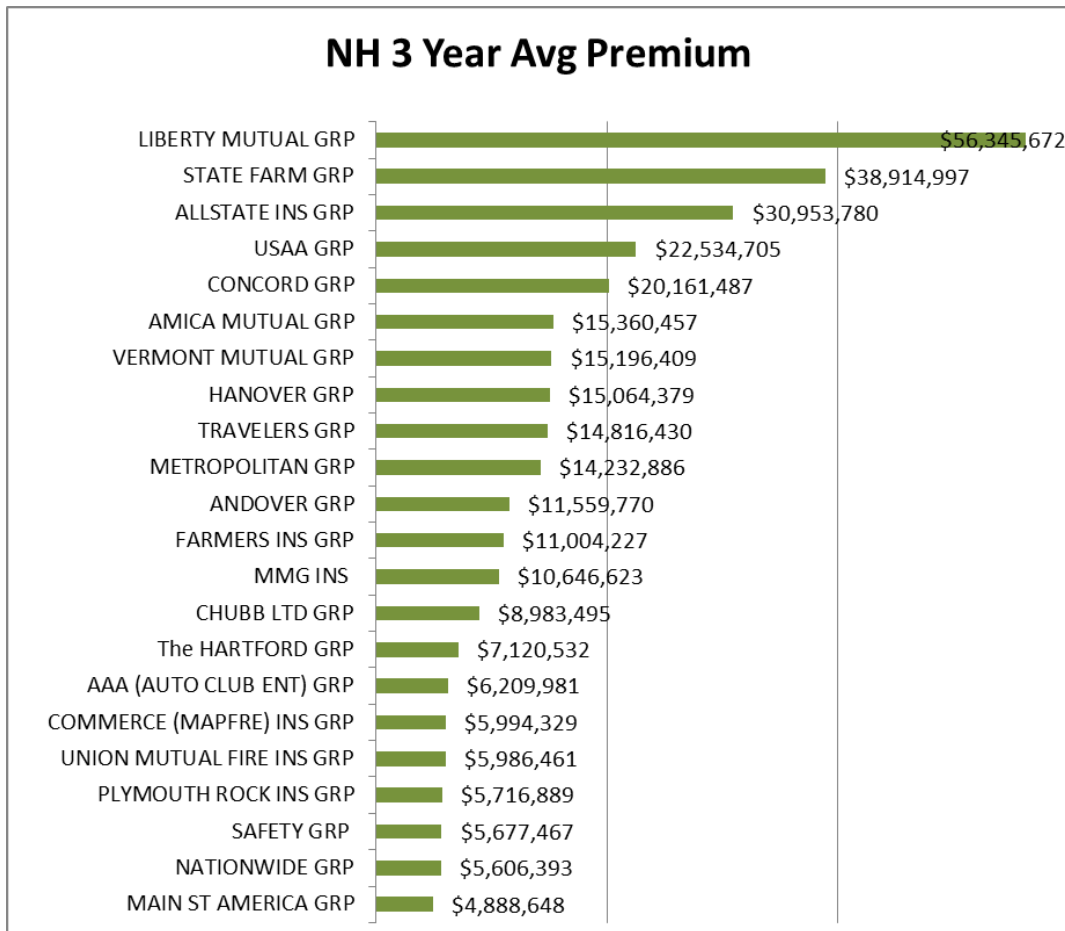
The market share (3 year average) for affiliated groups is shown below. The average market share is 2.0%, while the median is .8% for those companies who collected premium. Market share has remained fairly consistent for the past three years among the largest writers. Data shown represents companies who have more than 1.0% of market share. Market share data is provided to augment the Complaint Index data. Market share is based on premium which is provided.



Market Share by Premium

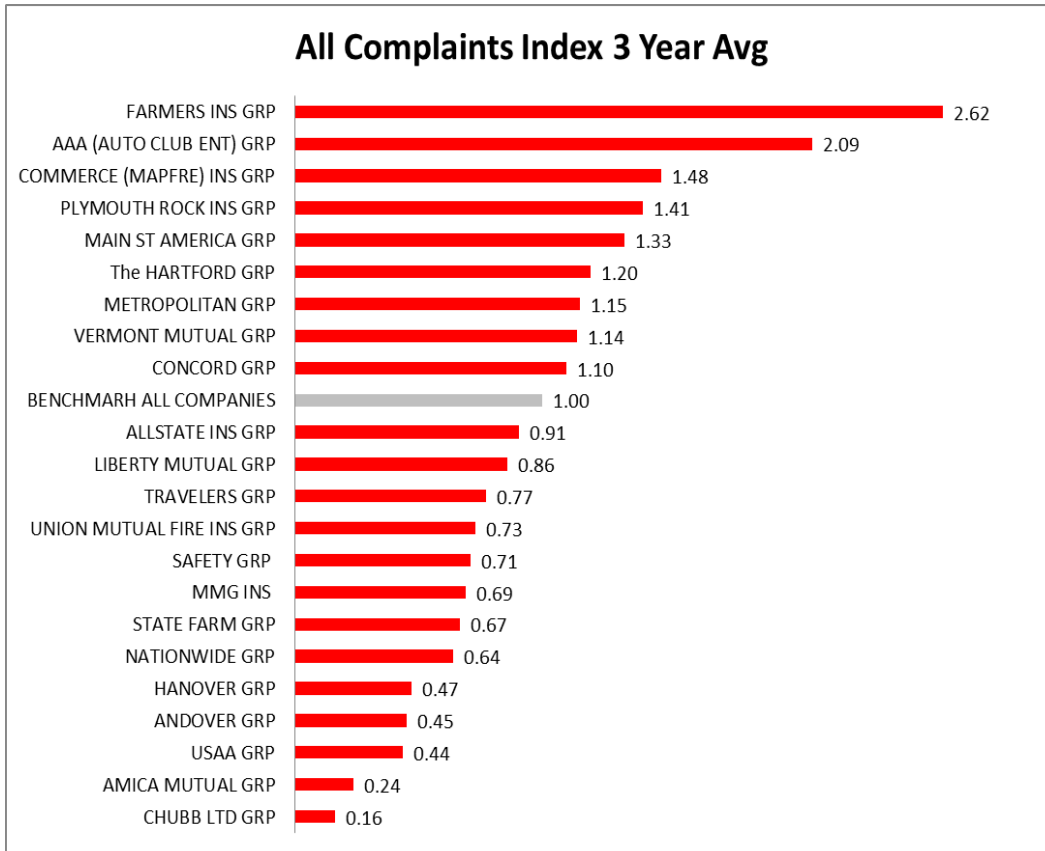
The total market for Homeowners insurance in NH is \$376 Million for 2015.

Fifty insurer groups wrote Homeowners coverage in New Hampshire in 2015. The average group premium collected was about \$7.5 Million. Companies with more than 1% of the market are shown below. Combined, the largest twenty-two groups accounted for 91% of the premiums collected, while the smallest twenty-eight groups accounted for the remaining 9% of premium.



Complaint Data

The Complaint Index measures complaints relative to premium and market share. Companies with a Complaint Index greater than 1.0 are receiving more complaints relative to market share. Those below 1.0 are generating fewer complaints relative to market share. The data shown below reflects an average of All Complaints-both Confirmed and Unconfirmed- for the calendar years 2015, 2014, and 2013. While the benchmark is 1.0, the average is .97.



Confirmed Complaints are those reported to NH Insurance Department where a violation of statute or administrative rule occurred. Fewer companies fell above the benchmark 1.0 when addressing Confirmed Complaints. While the benchmark is 1.0, the average complaint index is 1.02 for Confirmed Complaints. Both complaint data sets suggest NH is representative of the market overall with respect to complaints.

