



## **Consumer Purchasing Tips**

The Division of Insurance receives informational inquiries from more than 26,000 Coloradans annually. Below are some typical questions from consumers, along with the answers, to help you as you choose the right insurance to meet your needs.

**1. Is the agent licensed in Colorado? Ask for the full name of the agent.**

If you are purchasing insurance through an agent, ask the agent for his or her complete name, as it appears on the Colorado Insurance Producer License. This information can be verified by the Division of Insurance by going to our [Consumer Information](http://www.dora.state.co.us/insurance/consumer/ConsumerMainPage.htm) main page at [www.dora.state.co.us/insurance/consumer/ConsumerMainPage.htm](http://www.dora.state.co.us/insurance/consumer/ConsumerMainPage.htm) and clicking on the left side button labeled "[Find a Licensed Company or Producer](#)." You can also check on enforcement actions taken against an agent by clicking on the "[Enforcement Actions](#)" button on the [Consumer Information](http://www.dora.state.co.us/insurance/consumer/ConsumerMainPage.htm) main page.

**2. What is the complete name of the underwriting insurance company?**

It is important to have the complete name of the underwriting insurance company. There are companies with similar names. For example, "Evermore Insurance" is probably not enough information to verify a company's name on the Division website database. There may be several companies licensed that have "Evermore" in their name, such as Evermore Indemnity Company, Evermore Insurance Company, Evermore Re-Insurance Company or Evermore Life Insurance Company. There may also be a trade name or association name that is used in marketing a product, but that may not be the name of the insurer who will provide your insurance coverage.

**3. Is the company licensed in Colorado? What kind of insurance is the company authorized to sell in Colorado?**

Your insurance agent should be able to confirm for you that the company is licensed in Colorado and what lines of insurance that they may sell. This information can then be verified on the Division website under the "[Find a Licensed Company or Producer](#)" button on the [Consumer Information](http://www.dora.state.co.us/insurance/consumer/ConsumerMainPage.htm) main page. You may ask your agent for the "NAIC Company Number" for the insurance company. The NAIC is the National Association of Insurance Commissioners and each state works closely with them. This number is generally available. A few smaller companies doing business only one state, such as a prepaid dental plan, may not have it. However, the company will still appear on the Division list of companies licensed to sell insurance products in Colorado. The information available in the company search section includes:

- A complete name of the licensed or approved company;
- the NAIC company number;
- the state of domicile (where the company is headquartered);
- the business address and telephone number; and
- the company type and the lines of business it may sell.

If you do not find the company on this list, you may check the website under the Enforcement Actions button on the [Consumer Information](#) main page. If you do find the name of the company, you can get details about the enforcement action, such as a cease-and-desist order being issued for conducting unauthorized business. If you do not find the company name within the enforcement actions, please call the Division at (303) 894-7490. The Division's mission is consumer protection and if a company is operating illegally in Colorado, staff will investigate it.

It is important to note that if you buy a policy from a company that is not licensed in Colorado, that policy may not comply with Colorado law and your claims may not be paid. There will not be any guaranty fund coverage if an unlicensed company becomes bankrupt or is liquidated. Question number 5 below provides more detail about guaranty fund protection.

#### **4. How do I find out if the company is reputable and financially sound?**

If you verified that the company is licensed in Colorado, you have taken the first step in determining that the company is both reputable and financially sound. Licensed companies must meet financial standards mandated by Colorado law. If a company is licensed, it is considered to be in good standing and capable of meeting its obligations. You may review the financial statements of an insurance company in-person. Please call the Division at (303) 894-7495 to schedule an appointment. A computer is available to review financial statements. Additionally, financial statements of insurance companies may be reviewed on the NAIC website at <https://eapps.naic.org/cis>.

There are a number of organizations that provide insurance company ratings. A link is provided to some of them from the Division website under [General Information: Related Links, Independent Rating Services](#) or go to <http://www.dora.state.co.us/insurance/industry/links.htm>.

#### **5. What happens if I buy an insurance policy and the insurance company later goes out of business?**

Colorado has guaranty fund protection for many, but not all, lines of business sold by licensed insurance companies. In many cases, the insurance company's state of domicile handle the liquidation and they may arrange to sell some or all of the policies to another insurance company. If that happens, the new insurer will provide the benefits that you will receive in the future. However, for benefits that you are to receive now, such as

the payment of a claim or a refund of a portion of the premium that you paid, a claim may have to be made with the liquidator who will work with the guaranty fund to assure at least a partial payment. The total amount being paid will vary with the amount of assets available from the insurance company in liquidation, the deductible, and the particular provisions of the guaranty fund for the type of insurance policy you own.

For more information, contact the Consumer Affairs Section at the Colorado Division of Insurance, 303.894.7490 or email [insurance@dora.state.co.us](mailto:insurance@dora.state.co.us).