

State Insurance Websites Ranked From Most to Least Helpful to Consumers

Nerd Wallet

Analysis shows agency sites vary widely when it comes to providing people with useful, timely information. Insurance is a complex purchase — policies are hard to understand, the reputations of insurance companies can be difficult to determine, and what exactly you're paying for isn't always clear. Making an informed decision amid the overwhelming amount of information takes some effort, diligent research and, sometimes, a bit of luck.

As it turns out, there's an agency in your state government that should be able to help with all these things: your state's department of insurance. But these agencies vary widely in their ability to give critical time- and money-saving information to residents, or even to answer a simple question about insurance in your state. A new NerdWallet analysis looked at insurance departments across the country, evaluating their online offerings and how helpful their websites are to consumers in their communities.

We found most of these websites fall short in serving consumers by not providing key information, such as insurer rate comparisons and complaint data, as well as easy access to consumer assistance and educational materials. But we also identified states like Texas, whose insurance department website is a model of excellence that the lower-scoring states would do well to emulate.

For this study, NerdWallet examined the websites for all 50 states and the District of Columbia, looking for information that would benefit consumers the most. We also called consumer helplines and emailed each insurance department. We then graded each agency on more than 20 factors that added up to a 100-point scale.

What did we find? The vast majority of departments had plenty of work to do to improve the consumer information they offer and how easy it is to find it.

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Source: <https://uphelp.org/state-insurance-websites-ranked-from-most-to-least-helpful-to-consumers/> Date: November 24,

States are split on sharing rate comparisons: Twenty-seven department websites featured car insurance rate comparisons at the time of our scoring and 24 did not. As for homeowners insurance rate comparisons, 21 websites shared the data and 30 did not.

Complete complaint data are scarce: Just nine department websites offered consumers the ability to compare 2015 complaint data across insurance companies for all four major lines of insurance — auto, health, homeowners and life. Twenty-three departments shared no complaint data.

Calling for help can be cumbersome: We called all 51 departments and asked a basic, state-specific auto insurance question. Though 19 answered our question in less than two minutes and 36 in less than 10 minutes, 15 either didn't answer the question at all or took long enough that consumers could have found another source of information during that time.

It's important to note that state insurance departments do much more than provide help and information to consumers. They also handle licensing, monitor and regulate rates, and deal with complaints. Our analysis focused only on their websites and helplines. Spokespeople for many of the lower-scoring states said their website offerings are limited because of staffing and budget constraints. A handful of state spokespeople we interviewed said they didn't see value in offering the things we scored. For example, Ohio Department of Insurance spokesperson David Hopcraft said the agency does "not view its website as a shopping mall for online insurance comparisons," when asked about why the department didn't post rate comparison data.

Of the lower-scoring departments that responded to our requests for comment, several announced upcoming or in-progress improvements, including New Mexico, the lowest-scoring state in our analysis.

"Your project has motivated us to improve the consumer elements of our website," wrote Alan Seeley of the New Mexico Office of Superintendent of Insurance, whose department made several consumer-centric adjustments before publication.

The analysis

In 1999, the Consumer Federation of America graded state insurance department websites and reported that three states lacked an online presence. Now, all departments have websites, catering to how

Americans prefer to get information. But these sites vary greatly in their offerings, their ease of use, how well they've kept pace with advancements in design, and how folks get information online.

NerdWallet analyzed each website based on four categories:

- Insurance rate comparisons
- Complaint data
- Consumer assistance
- Consumer education and resources

Here's why we chose these metrics:

INSURANCE RATE COMPARISONS

States accept rate filings from insurance companies, which alert the department to changes in pricing and coverage. Typically based on these filings, premium comparisons shown on insurance department websites are not meant as quotes — as numerous factors go into pricing a policy — but consumers can use them to get a general idea of what they might pay for coverage or which company offers the lowest price.

COMPLAINT DATA

States are tasked with accepting and investigating consumer complaints against insurance companies. Comparing complaint rates across companies can be a useful shopping tool for auto, homeowners, health and life insurance customers.

CONSUMER ASSISTANCE

When insurance customers have questions about coverage and laws in their state, they should be able to call the agency responsible for insurance regulation and receive answers. For this metric, we called all 51 departments by using the phone number consumers would be most likely to dial. We asked a basic state-specific insurance question: "What are the minimum auto insurance requirements in this state?"

CONSUMER EDUCATION AND RESOURCES

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Insurance is a complicated topic, and with so many resources online, it's difficult to know whom to trust. People should be able to go to the state agency tasked with insurance regulation to get unbiased information to help guide their insurance decisions.

Why it matters

Insurance in the U.S. is regulated at the state level. This is in contrast to many other financial service providers, such as banks, other lenders, credit card companies and debt collectors, which operate under significant federal oversight. The Consumer Financial Protection Bureau is also looking out for the interests of customers by accepting and resolving complaints, as well as serving as a liaison between citizens and financial institutions. However, the trillion-dollar insurance industry is by and large an exception.

Fifty-one different regulating bodies make for a widely varied approach to insurance regulation and consumer services. Generally, however, these state insurance departments are tasked with regulating the industry to protect consumers, the primary goal of state insurance regulation, according to the National Association of Insurance Commissioners, or NAIC.

Robert Hunter, director of insurance at the Consumer Federation of America and former insurance commissioner for Texas, led an analysis of state insurance agencies in 1999 that was similar to this study. The motivation then: Consumers were complaining they couldn't find crucial information, which Hunter says these department websites are in a unique position to provide.

"These departments are — at least you hope, and it's almost always true — that they are independent of insurance companies," not subject to biases that might come from state commissions staffed by industry insiders, Hunter says. "Plus, they have a lot of information for consumers that no one else has, information that no one else can really help you with."

Departments of insurance are clearinghouses for consumer complaints against insurers in their state. Most also require insurers to file rate changes and policy form updates, making them an ideal primary source of insurance policy information. These agencies, better than any national organization, know the unique challenges and legal requirements consumers in their state face, and they can provide this information without any self-serving interests.

“Consumers shouldn’t have to rely 100% on the insurance company or its salesperson for information,” says Amy Bach, executive director of United Policyholders, an insurance consumer advocacy organization. “There should be a neutral source of information available to the consumer to help them make good decisions surrounding this very complicated product.”

In our analysis, we found many states’ websites rely on the NAIC for educational information and details about complaints filed against insurance companies. This trade organization was established almost 150 years ago to bring some uniformity to the patchwork that results from so many regulatory bodies, and has developed some useful consumer resources. States can save time and money by passing these resources on to their residents. But NAIC resources are no substitute for the kind of localized information that state insurance departments provide, according to Birny Birnbaum, executive director of the Center for Economic Justice.

“It’s ridiculous to have an auto insurance buyers guide that lacks state specifics, that says, ‘In some states...’ How does that help me?” Birnbaum says. “It’s wrong for a state to limit the resources that their insurance department has by simply relying on the NAIC. States need to supplement the tools that the NAIC provides.”

NerdWallet contacted the NAIC for comment, but didn’t receive a response in time for publication. However, the NAIC consistently refers consumers to their state insurance departments for information specific to where they live, both on its website and its educational site InsureU. When it comes to complaint data, the NAIC’s Consumer Information Source does the same, directing visitors to their state agency for complete information and accuracy.

“There should be a neutral source of information available to the consumer to help them make good decisions surrounding this very complicated product.” Amy Bach, executive director, United Policyholders.

The results

Here’s how each state’s department measured up. An asterisk *) denotes a tie in the rankings. For details of what went into each score, click on your state’s name or navigate to this page.

RANKING STATE FINAL SCORE

- 1 Texas 98%
- 2 Kansas 93%
- 3 Colorado 91%
- 4 Maryland 87%
- 5 Utah 86%
- 6 Kentucky 83%
- 7 South Carolina 81%
- 8* Arkansas 76%
- 8* Pennsylvania 76%
- 10 California 75%
- 11 Connecticut 74%
- 12 West Virginia 73%
- 13* Florida 71%
- 13* Washington 71%
- 15* Arizona 70%
- 15* Georgia 70%
- 15* New Hampshire 70%
- 18 New Jersey 69%
- 19 Ohio 68%
- 20* Louisiana 67%
- 20* Missouri 67%
- 22* Illinois 66%
- 22* Indiana 66%
- 24 Montana 65%
- 25 Oregon 63%
- 26* Idaho 61%
- 26* Nevada 61%
- 26* Oklahoma 61%
- 29 Virginia 60%
- 30* District of Columbia 58%
- 30* Maine 58%

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30* Massachusetts 58%
33* Hawaii 56%
33* Michigan 56%
35 Nebraska 54%
36 Delaware 53%
37 North Dakota 50%
38* Alabama 48%
38* North Carolina 48%
40 Wyoming 47%
41 New York 42%
42 Alaska 37%
43 Vermont 36%
44 South Dakota 35%
45* Minnesota 34%
45* Wisconsin 34%
47 Rhode Island 32%
48 Mississippi 31%
49* Iowa 29%
49* Tennessee 29%
51 New Mexico 17%

Methodology

For most states, we analyzed consumer offerings on each insurance department’s website. If a state had a separate site specifically for insurance consumers, we analyzed the offerings on that website. In all cases, our analysis was based on the department website that insurance consumers were most likely to use.

Each department was scored on four measures:

Insurance rate comparisons.
Insurance complaint data.
Consumer assistance.

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Consumer education and resources.

Each of the four measures was then broken out into criteria designed to assess quality.

INSURANCE RATE COMPARISONS

This measure was weighted to account for 22.5% of the total score. It included points for:

The presence of recently updated auto and homeowners insurance premium information that allows consumers to estimate the costs of insurance. The number of points was contingent on how recent the data were.

The ability to compare auto insurance rate estimates across at least five insurers licensed in the state.

The ability to compare auto insurance rate estimates across at least four different driver profiles.

How easily this data can be found from the department's homepage.

INSURANCE COMPLAINT DATA

This measure was weighted to account for 30% of the total score. It included points for:

The presence of recently updated complaint data across all four major lines of insurance: auto, homeowners, health and life. The number of points was contingent on how recent the data were.

The ability to easily compare complaint information across at least two different insurance companies.

Whether the data were provided in context. For example, the presence of a complaint ratio or index gives consumers a more accurate idea of the number of complaints an insurance company has relative to the amount of business they do in the state.

How easily this data can be found from the department's homepage.

CONSUMER ASSISTANCE

This measure was weighted to account for 25% of the score. It included points for:

The presence of a dedicated consumer help line or hotline, a phone number specifically for consumers to call and get their questions answered.

How easily this phone number can be located.

The likelihood a consumer would receive an answer to their insurance question in a reasonable amount

of time. For this measure, we called all 51 departments and asked them a basic insurance question: “What are the minimum requirements for auto insurance in this state?” The number of points awarded was dependent on whether an answer was received and, if so, how long it took to receive it. Points were not awarded if it took more than 10 minutes to receive an answer, as consumers could have found another source of information in that amount of time.

CONSUMER EDUCATION AND RESOURCES

This measure was weighted to account for 22.5% of the score. It included points for:

The presence of consumer resources for each major line of insurance: auto, home, life and health insurance. In some cases, states publish educational materials from national organizations, such as the National Association of Insurance Commissioners. Because auto insurance requirements are unique to each state, the website had to offer a state-specific guide for this type of insurance to get points. However, if health, homeowners and life insurance NAIC resources are hosted on the state’s insurance website, the state got points for that.

How easily these resources can be located from the department’s homepage.

The inclusion of a state’s legal auto insurance requirements.

A glossary or other explanation of common terms.

Whether consumers can look up licensed agents in their state.

STUDY LIMITATIONS

These state regulators perform a wide array of important tasks besides operating websites. Many of these tasks and responsibilities are outside the scope of our analysis. Any individual state’s score reflects only the factors we measured. The scores are not meant to be an indicator of a state insurance department’s ability to regulate insurers or act in the interest of its residents.

ANALYSIS TIMEFRAME

The initial gathering of information for this analysis began in April 2016 and concluded on Aug. 12, 2016. Changes to website offerings after that date are not reflected in the scores.



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