Consumer Complaint Definitions

Complaint
A complaint can be:

1. a typed or hand-written letter;
2. an e-mail;
3. a completed Office of the Insurance Commissioner complaint form; or
4. a verbal communication converted to writing.

Consumers lodge complaints to express their discontent with a specific insurance company to the Office of the Insurance Commissioner.

Complaint Ratio
The complaint ratio shows some companies receive more complaints than other companies. To calculate the complaint ratio, we take the number of complaints, and divide it by the amount of premium (in thousands of dollars). A higher ratio reveals the company has more complaints per $1,000 premium than other companies.

Factors that may influence the complaint ratio: If an insurance company has a small number of policies, it may have a large complaint ratio. For example, if a company only has a few hundred policies, one complaint can result in a high ratio, because the premium is low. The company's premium may be lower because the company is:

- new to Washington state;
- withdrew from Washington state; or
- only writes a specialized segment of the market in Washington state.

Complaint Index
The complaint index shows the performance of a company relative to other companies in the same market. To calculate the complaint index, we take the company's annual complaint ratio, and divide it by the total number of complaints about all the companies in the same market. A company with a complaint index higher than 1 has more complaints than average.

Market Share
We use a market share to compare the amount of business an insurer writes to similar business marketed by other licensed insurers in Washington state. To calculate the market share used in this guide, we take the written premium for the specific company and divide it by the total premiums of all licensed insurers that also had complaints reported during the calendar year.

Premium
A premium is the payment you make to an insurer to cover the cost of your insurance. It also includes operating and miscellaneous fees, and your agent's commission.