



Insurance Definitions

No-Fault Insurance

No-Fault insurance means that your insurance company covers you in an accident, regardless of who is at fault. You can only sue for severe injuries and for pain and suffering under certain conditions in Colorado. Pure no-fault offers no provision for legal action. Thirteen states have some form of no-fault insurance.

Tort

Tort refers to a wrongful act resulting in damage or injury on which civil action can be based. States that have traditional insurance systems are utilizing tort to resolve claims. In the tort system, the person at fault is responsible for damages.

Tort Reform

Refers to legislative efforts to set financial caps on legal action. Tort reform has been attempted, often successfully, to reduce monetary awards in medical malpractice, auto accidents and many other civil court claims.

Choice system

The Choice System is an insurance system that provides motorists with two options: no-fault or tort. The no-fault portion is pure no-fault, with no provision for legal action. Typically, a person who chooses the tort system who is involved in an accident with a no-fault motorist cannot sue the no-fault motorist. Only three states use the Choice System.

Behind the Wheel of Auto Insurance Reform

We sure hope the bandwagon is properly insured. Because across the country, states are jumping on it. It's the vehicle of auto insurance reform, and Colorado is in it, buckled up tightly.

Even on a national level, legislators are addressing high auto insurance rates with a variety of bills. Colorado, as of this writing, has already had two bills before the legislature on this issue and more to come.

If you have looked at your rising auto insurance premiums recently, you can see why auto insurance reform is becoming a major issue in many states. Colorado is the 11th most expensive auto insurance state in the country. Insurance companies claim ever increasing rates are a result of too many lawsuits, higher medical costs and general system abuse.

There are a number of factors involved in higher rates beyond what insurance companies tell consumers. Here are some of the facts:

- No-fault insurance (which is what we have in Colorado) is more costly to the consumer than traditional tort insurance. Although no-fault laws were passed on the premise that the reduction in paperwork and legal costs would lower premiums for consumers, premiums have actually increased.
- Insurance companies make higher profits with no-fault insurance. The profit margin in no-fault states is 7.4% compared to 5.4% in traditional tort insurance states.
- Insurance companies have announced there will be across the board increases of 9-10% in auto insurance premiums in 2003 to cover recent losses in company stock portfolios. These increases apply across the country, whether you live in a no-fault or tort state.
- In Colorado, the rate of lawsuits related to auto accidents is actually going down. This means that the claim of "too many lawsuits" is not applicable in Colorado.
- Laws enacted in the 1980's to limit the amount of money people can be awarded in a law suit have failed to control rising premiums.
- Recent legislation that has been presented to deal with this issue severely limit consumers' benefits and rights to sue.
- States that have returned to pure tort insurance have seen rates fall 6-7%.



(Auto Insurance Reform, continued from page 1)



So what does this all mean?

For consumers to continue to have access to insurance coverage, insurance companies need to be able to make a profit. People in rural Colorado already have a difficult time accessing insurance because of the limited access to health care providers. However, the current legislative attempts to address auto insurance reform changes your rights

and benefits so dramatically with no guarantee that rates will go down that Consumers United Association (CUA) wants to bring this to your attention.

CUA has been working with legislators to find solutions that that address identified causes of increased insurance rates while being fair to consumers.

CUA believes that there needs to be a balance between making sure that insurance companies can offer affordable but profitable products and providing the coverage that consumers truly need.

We are asking legislators to consider the following points when they address the issue of auto insurance reform:

- Focus on stopping abuse of the current system in ways that do not reduce benefits or stop good drivers who abide by the law from recovering a fair settlements as quickly as possible. Redefining medical necessity outlined in the law to limit exorbitant claims does not need to limit consumers right to sue. Some alternative treatment methods eliminate medication costs while allowing people to work and drive and should remain available.
- Reduce the mandatory amounts of PIP (Personal Injury Protection) coverage that consumers carry. There are only two states in the country that require citizens to buy more PIP coverage than Colorado: Michigan and New Jersey. Colorado law requires \$130,000 total coverage. Other states limits are as low as \$3,000. While that seems too low, we still have room for less.
- The wage loss benefit can be made optional. Colorado is one of few states to offer it. Some consumers would opt out of this benefit to control costs if they could.

The state also needs to address our uninsured motorist, theft and aggressive driving problems. Focusing attention on these issues holds accountable those people that are breaking the law, rather than taking benefits away from average consumers that have good driving records.

No matter where you stand on this pressing issue, it is very important that you make your views known to your state legislators. For more information about this issue and how to contact your Representatives and Senators, visit our web site at www.cuacolorado.org. Please check our web site often for more updates.

Colorado No-Fault Insurance Benefits & Requirements

Bodily Injury Liability
\$25,000 per person, \$50,000 per accident

Property Damage Liability
\$15,000

Personal Injury Protection (PIP)
\$50,000 Medical, \$50,000 Rehabilitation
\$30,000 for essential services, lost wages, death benefits.

Allowable Medical and Rehabilitation
The benefits covered fall under a broader description under the law that is "reasonable" as prescribed by your doctor. They include:

Medical, chiropractic, optometric, podiatric, hospital, nursing, X-ray, dental, surgical, ambulance, prosthetic services, non-medical remedial care, treatment rendered in accordance with a recognized religious method of healing, treatment of neurological injuries.

Other things, such as therapeutic massage, and acupuncture, have been approved for relief of pain as well as a certain type of specially made eye-glasses for neurological problems

Approved items that have been considered extreme are fish tanks, pools, spas, health club memberships, hot tubs and a variety of furnishings like special car seats and office furniture have also been approved.

Monetary Threshold
Under the law, a person can sue for pain and suffering once \$2,500 of expenses have been accumulated.

Tell Us What You Think

Consumers United Association is interested in hearing from our members about Auto Insurance Reform. You can do this by:

- 1) Sending an e-mail to cua@cuacolorado.org.
or
- 2) Send us a letter at:
CUA
Attention Renee
4905 W. 60th Ave.
Arvada, CO 80003

We are using information from members when we speak to our legislators but no names are used.

News Briefs



Understanding Vehicle Financing

The trade associations for the nation's auto lenders and franchised new car and truck dealers released the brochure to help educate consumers on the basics of vehicle financing. "Understanding Vehicle Financing," produced by the American Financial Services Association Education Foundation (AFSAEF) and NADA, and prepared in cooperation with the Federal Trade Commission, provides information to help consumers learn about dealership financing and evaluate their own financial situations before financing a new or used vehicle. Obtain a free copy at www.afsaef.org, or by calling the Foundation's toll-free number (888-400-2233).

Tax Scams on the Rise

The Internal Revenue Service (IRS) is warning taxpayers to beware of con artists offering different types of miracle tax solutions. The IRS says one of the newest tax scams involves identity theft. Shady tax preparers reportedly have taken information, such as Social Security numbers and financial information, from clients' tax returns in order to steal their identities. Some taxpayers have been scammed by offers of refunds of the Social Security taxes they have paid during their lifetimes. The victim pays a "paperwork" fee of \$100 and a percentage of any refund received in order to file a refund claim. Federal law does not allow such refunds. IRS processing centers are aware of this hoax and have been stopping the fake claims. Another concern is a refund scheme that promise a big tax refund for a small fee. Taxpayers are asked to loan out their Social Security numbers or are given a phony W-2 that makes it look like they qualify for a huge refund. If caught, participants must pay back the refund along with interest and stiff penalties. IRS officials urge taxpayers to think carefully before paying for services or signing important documents. Most of all, don't be fooled by outrageous promises. Anyone who suspects tax fraud should call the IRS at 800-829-0433.

National Do-Not-Call Registry

The Federal Trade Commission is in the process of developing a national no-call registry, similar to Colorado's no-call list in order to stop unsolicited telemarketing calls. They have also amended the Telemarketing Sales Rule to include limiting abandoned calls, restricting unauthorized billing and requiring telemarketers to transmit caller ID information. Consumer registration for this list will begin in July. Numbers registered in July will stop receiving solicitation calls in September. Visit www.ftc.gov/donotcall for further updates.

To register for Colorado's No-Call list go to:
www.coloradonocall.com or call 1-888-249-9097.

Benefits of Your CUA Membership

Whether you joined CUA through your credit union or on your own, members of CUA receive many benefits:

- Consumer Voice Newsletter
- Financial Education through web site, workshops, seminars and events
- Financial Advocacy through our legislative efforts
- Assistance with consumer problems
- The ability to join a credit union

To access information through our web site, you must use your member access code (provided to you when you joined) and password (your last name). Our web site has valuable information on resolving consumer problems, dealing with complaints, financial information and more. If you don't have your access code, please call us at 303-400-3456 or e-mail us at cua@cua-colorado.org. Visit the site at www.cuacolorado.org.

Membership to CUA is only \$5.00 annually or \$25 for a lifetime membership, making it of considerable value to you, the consumer.

Tell your friends about CUA!

The Fair Credit Billing Act

To dispute a billing error on your credit card, you must:

- Write to the credit card issuer at the address for "billing inquiries," not the address for sending your payments (the address for billing inquiries is often found on the back of your most recent monthly statement); include your name, address, account number and a description of the billing error.
- Send your letter so that it reaches the credit card issuer within 60 days after the first bill containing the error was mailed to you.
- Send your letter by certified mail, return receipt requested, so you have proof of what the credit card issuer received. Include copies (not originals) of sales slips or other documents that support your position. Keep a copy of your dispute letter.
- It is important to send the letter to the correct company. In the case of Visa and MasterCard, you should send it to the bank that issued the card.

The credit card issuer must acknowledge your complaint in writing within 30 days after receiving it, unless the problem has already been resolved. And the credit card issuer must resolve the dispute within two billing cycles (but not more than 90 days) after receiving your letter.



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consumers united a s s o c i a t i o n

OUR MISSION

*To improve the financial lives
of consumers by providing
financial education
and advocacy*

Consumers United Association (CUA) was formed in 1999 by a group of concerned Colorado credit unions that have a deep understanding of the financial needs and concerns of consumers. CUA was formed to provide a united voice for consumers, financial education and assistance with consumer problems.

We have grown to over 17,000 individual members. The strength of our numbers continues to be our most vital asset in acting as the voice for Colorado consumers, influencing laws and advocating for consumer rights.

A membership with CUA provides individuals with the information, benefits and support necessary to lead successful financial lives.

Corporate Sponsors of CUA are committed to consumer-friendly values and excellent customer service.

CUA Sponsors

Platinum Sponsors

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Gold Sponsors

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Credit Union of Denver
Colorado United Credit Union (**NEW!**)
CUILA
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BCS Community Credit Union (**NEW!**)
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Eagle Legacy Credit Union (formerly Denver Postal) (**NEW!**)
Foothills Credit Union (**NEW!**)
Horizons North Credit Union
Johns Manville Credit Union
New Horizons Credit Union

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