



Independent Insurance Agents & Brokers

of New York, Inc.

Via email & regular mail

February 11, 2009

Honorable Eric Dinallo
Superintendent of Insurance
New York State Insurance Department
25 Beaver St.
New York, NY

Dear Superintendent Dinallo:

Thank you for sharing the draft regulation on producer compensation disclosure with IIABNY for comment. We look forward to meeting with your senior staff next week and working with the Department as it considers our input.

We were very surprised at the breadth and scope of the requirements for agents and brokers based on the on-going conversations we have had with the Department over the last couple of years. This proposal far exceeds anything we have seen in other states and it singles New York out in a negative way.

Our major concern is the difficulty (or impossibility) of complying with the requirements as proposed in the draft, particularly in describing the calculations for future compensation under a profit-sharing arrangement. As we testified last summer, profit-sharing arrangements are based on a number of factors, many of which are out of the producer's control, including retention, growth and profitability. The presumptions underlying this proposed regulation indicate a simplistic understanding of our day-to-day activities and create an image of agents and brokers that is simply not consistent with the way they do business.

We also have a concern that the independent agency distribution channel may be singled out from other distribution channels, when providing choice of coverage is actually a benefit for consumers. Independent agents should not be put at a competitive disadvantage merely because they represent multiple companies.

Finally, IIABNY has steadily maintained the position that compensation disclosure should be voluntarily disclosed if requested by the customer. This draft regulation significantly conflicts with the Department's view on principle-based regulation. We look forward to participating on the working group and providing additional comments on the draft regulation.

Sincerely,

Neal Sullivan, CPA
Chair of the Board

Richard A. Poppa, CAE, AAI
President & CEO

Michael Barrett
Legislative Representative



5784 Widewaters Pkwy., 1st Fl.
Dewitt, NY 13214

phone: 800-962-7950
fax: 888-432-0510

e-mail: iiabny@iiabny.org
web: www.iiabny.org