

**The Center for Economic Justice**

# **NEWS**

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## **Consumer Organization Calls on State Insurance Regulators to Adopt Comprehensive Disclosure of Compensation for Agents and Brokers**

*Center for Economic Justice Calls Attempt to Carve Out Exclusions from Disclosure a Disservice to Consumers and Appeasement to Insurers*

The Center for Economic Justice (CEJ), a non-profit consumer advocacy organization, called on the National Association of Insurance Commissioners to demonstrate state insurance regulators' commitment to consumer protection by adopting a model law that requires all sellers of insurance products to disclose all forms of compensation contingent on the sale of the insurance product.

We are concerned that that some members of the NAIC are trying to create an arbitrary distinction among sellers of insurance products for the purpose of exempting some sellers from disclosing their compensation arrangements. This is an invitation insurers and sellers to game the system by changing the name and form of compensation to skirt the new requirements," said Birny Birnbaum, Executive Director of the CEJ.

Birnbaum explained, "Regulators should put consumers in the position of evaluating whether the seller's compensation arrangement is influencing the seller's recommendations. Regulators should not try to make those judgments for consumers by exempting certain sellers from disclosure."

Birnbaum added, "The broker fee scandal is a major challenge to state insurance regulation. This is the time for state regulators to demonstrate the vitality of state insurance regulation by showing consumers and critics of state insurance regulation that the regulators will stand with consumers and not try to defend or shield unreasonable insurer practices.

“The fact is that problems with producer compensation arrangements are not limited to the commercial lines that are the subject of the Spitzer probes. Problems already exist in personal lines – auto, homeowners, life – but regulators have ignored these problems over the years. Now is the time to address all problems with producer compensation and not create new problems in the future by adopting exceptions today,” Birnbaum said.

A copy of CEJ’s statement to the NAIC is attached.

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*The Center for Economic Justice is a Texas nonprofit corporation dedicated to protecting the interests of minority and low-income consumers on insurance, credit and utility matters. Web Site: [www.cej-online.org](http://www.cej-online.org)*