

AGENTS FIRST!



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To Fee or Not To Fee

The discovery (& subsequent guilty pleas) of bid-rigging and undisclosed contingency payments is prompting Insurance Commissioners across the nation to submit corrective legislation that will attempt to discourage such activities in the future.

Commissioner Oxendine served as one of the 13 members on the Executive Task Force on Broker Activities recently formed by the National Association of Insurance Commissioners. He has used NAIC's recommendations as a template for his proposed legislation.

The major difference in his proposed legislation from that recommended by the NAIC is the insertion of the words "licensed as counselor". I think it's a pretty smart move since it was the broker / counselors who have been accused of the dastardly deeds.

However, the legislation wording goes on to include "or any fee or amount collected by or paid to the producer that does not exceed an amount established by the commissioner". Until now, GA DOI has declined to officially rule on the practice of agents passing on the cost of services that are not usual and customary to the sales and servicing of P&C business.

If passed as submitted, the new law would place agents at the retaliatory whim of a future insurance commissioner. Anyone remember Tim Ryles? The election in 2006 will bring a new Insurance Commissioner since John Oxendine will be elected as Lt. Governor. Any unapproved fees charged by your agency could result in you being run out of the insurance industry.

The citizens of Georgia would be the ultimate loser if agents are not allowed to pass on the extra expense from our ever-changing business model. When the original legislation became law, no one could imagine agents swallowing the extra expense of processing applications via the Internet, accessing MVRs from DMVS nor having their bank account electronically swept by insurance carriers. The extra expense is destroying our agencies. It has to be passed on to the consumer or the service will cease. The consumer will be the ultimate loser!

GIAA believes agency fees should be optional but should be in Georgia Code rather than at the discretion of an elected official.

On October 17, 2003, on behalf of Georgia Insurance Agents Alliance (GIAA), Dean Auten presented to the House Insurance Committee a proposal regarding "fees"

insurance producers could charge. The fees would be optional and he asked that they be put into Code. The reaction from Committee was favorable. In fact they told Dean that they did not see why we should have legislation capping the fees we could charge. Since we were looking at 2004 and it being an election year, we decided to not push for the Legislation.

We wanted the fees in Code to protect agents from retaliator actions by some future Insurance Commissioner. Our hope was to have the same fees as those now being used in Alabama with the provision that "all other" fees would have to have the approval of the Insurance Commissioner.

What we want is an amendment to the legislation fixing the fees (same as Alabama) and permitting "other fees" if approved by the Commissioner. The amendment would be as follows:

START OF AMENDMENT

Effective July 1, 2005, insurance producers may collect administrative fees not in excess of the following schedule when processing applications for property and casualty insurance:

Any one of the following:

1. New application: \$25
2. Rewrite canceled or lapsed application: \$25
3. Reinstatement fee: \$10

Plus any and all of the following as applicable:

1. Home re-inspection: \$25
2. Photo of Auto or Home: \$5
3. Cash payments received in agency: \$5
4. Motor Vehicle Reports: Actual Cost

These administrative fees are separate and distinct from the insurance company's premium and must be disclosed to consumers as a separate charge by the producer.

Other than as set forth in this Code, or as may be hereafter be approved by the Commissioner, producers will be considered to act in violation of this Code for charging an additional fee for services that are customarily associated with the solicitation, negotiation or servicing of insurance policies.

END OF AMENDMENT

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More "News, Satire & Opinions for Independent Agents from Independent Agents" at www.fyigeorgiaviews.com

Commissioner Oxendine's Draft Bill

Commissioner Oxendine is preparing to submit the following legislation:

Section 1.

A. (1) Where any insurance producer licensed as counselor or any affiliate of such producer receives any compensation from or charges any other fee to the customer, neither that producer nor the affiliate shall accept or receive any compensation from an insurer or other third party for placement of insurance for that customer unless the producer has, prior to the customer's purchase of insurance:

(a) Obtained the customer's documented acknowledgment that such compensation will be received by the producer or affiliate; and

(b) Disclosed the amount of compensation from the insurer or other third party for that placement. If the amount of compensation is not known at the time of disclosure, the producer shall disclose in readable language the method for calculating such compensation and, if possible, a reasonable estimate of the amount.

(2) notwithstanding (A)(1) above, an insurance producer who is not licensed as a counselor may not accept or receive any compensation from the customer, for placement of insurance.

B. A person shall not be considered a "customer" for purposes of this section if the person is merely:

(1) A participant or beneficiary of an employee benefit plan; or

(2) Covered by a group or blanket insurance policy or group annuity contract sold, solicited or negotiated by the insurance producer or affiliate.

C. This section shall not apply to:

(1) A person licensed as an insurance producer who acts only as an intermediary between an insurer and the ~~customer's~~ producer, for example a managing general agent, a sales manager, or wholesale broker; or

(2) A reinsurance intermediary.

(3) renewal or any other continuation of the policy

D. For purposes of this section:

(1) "Affiliate" means a person that controls, is controlled by, or is under common control with the producer.

(2) "Compensation from an insurer or other third party" means payments, commissions, fees, awards, overrides, bonuses, contingent commissions, loans, stock options, gifts, prizes or any other form of valuable consideration, whether or not payable pursuant to a written agreement but shall not mean de minimis gifts of less than \$45.00 in value.

(3) "Compensation from the customer" shall not include any fee or similar expense as provided in 33-6-5 (6) (C) or any fee or amount collected by or paid to the producer that does not exceed an amount established by the commissioner.

(4) "Documented acknowledgement" means the customer's written consent obtained prior to the customer's ~~initial~~ purchase of insurance. In the case of a purchase over the telephone or by electronic means for which written consent cannot reasonably be obtained, consent documented by the producer shall be acceptable.

E. The Commissioner of Insurance may promulgate rules and regulations as necessary to implement the provisions of this chapter.

F. This Section shall take effect July 1, 2005.

Section 2.

All laws and parts of laws in conflict with this Act are repealed.

GIAA needs your help. You need GIAA. Please join GIAA today.

Your membership fees will help protect your right to make a reasonable profit.

But you need to do more than just invest your money by joining GIAA. You need to call Commissioner Oxendine's office and ask that GIAA's amendment be added to his proposed legislation.

INSURANCE AND SAFETY FIRE COMMISSIONER'S MAILING ADDRESS:

Two Martin Luther King, Jr. Drive
West Tower, Suite 704
Atlanta, Georgia 30334

Main Telephone: 404-656-2070

Toll Free: 800-656-2298

Fax: 404-657-8542

Executive@mail.oci.state.ga.us

Take an interest in your future or it will be decided by someone else with an agenda that might not be in your best interest.

Eddie K. Emmett

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(770) 751-6548 - Fax



President's Message



If you write any Specialty Insurance (& who doesn't?), you need to be a member of GIAA. Nowhere else can you get the info and support "For Specialty Agents from Specialty Agents".

Should you join other organizations? YES ... if the organization has benefits that suit your needs. No one organization can completely fit the needs of any agency. GIAA believes in ACTIVE MEMBERSHIP. If you don't get help from GIAA, get it somewhere. I encourage you to check out all membership benefits.

GIAA wishes to work closely with other organizations on issues in common. If we agree ... GREAT! There's strength in numbers. If we disagree, open communication can help avoid wasted efforts that can tear our industry apart.

If you are not already a member, please consider accepting my personal invitation to join GIAA.

GIAA also offers a quarterly payment plan to fit any agent's budget. If you are already a member of GIAA, please share this invitation with someone who is not.

What area intrigues you most? Don't wait to be asked but if you are asked, don't be shy and refuse. To make this organization effective, it's going to take more than the efforts of one person or just a few. Your first task is to help spread the word about GIAA.

Remember ... Teamwork is the ability to work together toward a common goal. The ability to direct individual accomplishment toward organizational objectives. It is the fuel that allows common people to attain uncommon results.

"I am only one, but still I am one. I cannot do everything, but still I can do something; and because I cannot do everything, I will not refuse to do something I can do."

Please consider joining the GIAA Team!
Together we'll thrive in 2005!
Eddie K. Emmett, GIAA President
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www.towrent.com/GIAA

2005 Conference of Champions

- Vote for location of 2005 Conference of Champions
- Jekyll Island area
 - Macon area
 - Columbus area
 - Savannah area

AGENTS FIRST!

GIAA NEEDS YOU!

Georgia Insurance Agents Alliance, Inc.

www.towrent.com/GIAA

2005 NEW / RENEWAL MEMBERSHIP FORM

GIAA offers two types of Agent Membership.

Agency: All employees of agency are entitled to all GIAA benefits at no additional cost.

Individual / Retired Agent: No longer actively engaged in the business of insurance but wishes to remain active in GIAA activities. Individual enjoys all GIAA membership benefits.

Feel free to attach your business card(s) rather than filling out the following:

Principal Contact _____

Agency

E-Mail Address

Mailing Address

Phone (____) _____

Fax: (____) _____

Annual Payment:

___ Agency @ \$160.00 + Multi-Offices ___ x \$75.00
___ Individual / Retired Agent @ \$80.00

Quarterly Payment:

___ Agency @ \$50.00 + Multi-Offices ___ x \$25.00
___ Individual / Retired Agent @ \$25.00

Please make your check payable to GIAA and mail to:
Scott Levenstein – Membership Chairman
c/o ATI Auto Town Insurance
1874 Piedmont Ave. NE
Atlanta, GA 30324
(404) 875-4706 FAX: (404) 892-4418
E-mail: elmsl@bellsouth.net

YOU NEED GIAA!

www.national-auto-agents.com

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