

[Producer Groups Critical of Proposed New York Producer Compensation Transparency Regulation](#)

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Certain producer group representatives have publicly criticized the current version of the proposed [Producer Compensation Transparency Regulation](#) (the “Proposed Regulation”) that was forwarded recently by the New York Insurance Department (“NYID”) to the [Governor’s Office of Regulatory Reform](#) (“GORR”) for review. As discussed in our [September 14, 2009, Client Alert](#), if the Proposed Regulation becomes effective it will apply to all insurance producers that transact business in New York.

In a September 15, 2009, [P&C National Underwriter](#) article [N.Y. Comp Regulation Proposal Unacceptable, Says IIABNY](#), the [Independent Insurance Agents & Brokers of New York](#) objected, among other things, to the Proposed Regulation’s requirement that producers explain to their customers whether they are functioning as an agent or a broker and how these legal classifications affect the producer’s compensation, saying such a technical discussion would engender confusion amongst consumers. Representatives of IIABNY have also criticized the Proposed Regulation’s ambiguity regarding the disclosure rules that apply to policy renewals.

The spokesman for IIABNY raised the possibility that producer groups might institute legal action if the State did not agree to make necessary revisions to the Proposed Regulation.

In addition to IIABNY, spokespersons for the [Independent Insurance Agents & Brokers of America](#), the [National Association of Professional Insurance Agents](#) and the [Council of Insurance Agents & Brokers](#) have also [criticized certain aspects of the Proposed Regulation](#).