

e REPORTER

Professional Insurance Agents of New Jersey Inc.

March 20, 2006

PAIP raises commissions, based on PIANJ recommendation

PIANJ's suggestion to the Personal Automobile Insurance Plan that it raise the commission rate from 9 to 10 percent has proved successful. The Department of Banking and Insurance approved the 1 percent increase effective May 1, 2006, for new business and June 15, 2006, for renewals.

"PIANJ sought the increase last summer, explaining to the PAIP steering committee that the increase was warranted due to many factors, including increased expenses placed upon insurance agencies over the years," said John A. Latimer, Esq., president of PIANJ. "The rate equals the commission paid to certified Commercial Automobile Insurance Plan producers. And, neighboring states—Vermont, Maine,

Delaware, Rhode Island, Connecticut, Pennsylvania and New York—all pay a commission of 10 percent to certified producers writing personal auto business."

The PAIP Steering and Governing Committees approved the increase in October of last year and now the DOBI has approved the increase, which was part of a PAIP rate filing that will have an overall zero-percent rate change.

"We are very pleased with the department and PAIP's actions," said Latimer. "It is gratifying to see PIA's efforts come to fruition for our members."

—Czupryna

PIANJ supports bill clarifying auto repair shops' requirements

PIANJ recently supported a bill that would provide needed clarification regarding the type of liability coverage required by licensed auto-body repair facilities.

In testimony before the state Senate Commerce Committee, PIANJ Legislative Representative Leon Zimmerman noted that the legislation would require these facilities to purchase garage liability insurance, instead of garage keepers' liability insurance.

Currently, auto-body repair facilities are required by law to maintain insurance coverage for damage to property and for liability arising from bodily injury, including garagekeepers' liability, in a minimum amount of \$300,000.

"This change makes sense because garage liability insurance covers a facility's exposure to both property damage and bodily injury liability for all operations necessary or incidental to the business operations,"

Zimmerman said. "Since the goal of the insurance requirement is to protect the public from damages resulting from the operations of an auto repair facility, it is appropriate to require repair facilities to carry garage liability, as opposed to garage keepers' liability insurance, which only provides coverage for damages to a customer's vehicle left in the care, custody or control of the repair facility."—Czupryna

Cohen introduces legislation in response to Geico's pricing practices

Earlier this month, Assemblyman Neil Cohen introduced legislation in response to Geico's reported use of occupation and education as factors in underwriting automobile insurance. A-2819 prohibits automobile insurers from the use of occupation and education as rating factors. The bill also prohibits automobile insurers from requiring applicants and insureds to provide information as to these factors.

In late February, the *Star-Ledger* and *Newsday*

both reported that Geico charged more for blue-collar workers policies than it does for college-educated professionals. The company said it considers college-educated customers less of a risk than blue-collar workers, therefore those drivers pay less. The DOBI said the practice of using education and occupation to determine rates is acceptable if the company proves those items correlate to losses.—Aleksejczyk

Association

Printable ACORD forms now available through PIA

PIA is proud to announce a partnership with **ACORD** for its forms redistribution program. Through this exciting new program, PIA offers association members free access to nonfillable, printable ACORD forms.

Members have requested such a program through member visits and inquiries, as well as at committee discussions. Often, members are looking for a particular form they may not have, or perhaps their agency management system is down

Join NJYIP April 27 at the NJYIP Spring Reception

Join the **New Jersey Young Insurance Professionals** for an evening of fun, food, networking and more at the 2006 Spring Membership Reception at the Triumph Brewing Company in Princeton, N.J., Thursday, April 27, from 4-7 p.m. Share conversation, ideas and business cards!

Enjoy a tour of the Triumph facility and

and they need to assist a client. PIA's executive director, Diane Kattrein, CAE, said, "this product will definitely assist our association members in offering timely service to their customers, and is just one more way PIA works as their business partner."

The PIA ACORD Web page is available at www.piaonline.org/IRC/acord/, and offers searchability by number and category. For your convenience, forms are printable in pdf format.—*Albright*

network with fellow industry colleagues. Jumpstart your career through active participation in an organization dedicated to the professional development of its members.

Contact us at (800) 424-4244, Ext. 273, or logon to www.njyip.org/resources/spring_reception.pdf for details and a registration form.—*Vershilling*

The PIANJ/PIANY Annual Conference is coming to Bally's Atlantic City, June 11-13. Look for details in upcoming PIANJ publications.

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PIANJ Industry Resource Center

The Pinto decision—duty imposed on producers

The New Jersey Supreme Court recently handed down a decision in a very interesting case that involves step-down clauses and a producer's obligation to inform their clients about them. The *Pinto v. New Jersey Manufacturers Insurance Co.* case involved the application of an underinsured motorist step-down clause in an employer's business automobile policy to an employee injured in a covered vehicle in a work-related accident. The issue in this case was whether the denomination of the corporate entity as the "named insured" in the employer's policy was so ambiguous as to allow any employee to be considered as a "named insured" and thus avoid the step-down provision. For more

information on this case, as well as how it may impact your commercial clients, logon to www.piaonline.org and key the appropriate QuickSource document below, or fax PIA's Industry Resource Center at (888) 225-6935:

- **QS29200**—The *Pinto* decision—duty imposed on producers; and
- **QS29201**—The convoluted history of the "step down" provision.

Be sure to watch your mail, as PIA also will be offering a consumer flier on this topic to send to your commercial clients making them aware of this issue. E-mail resourcecenter@piaonline.org to reserve a copy.—*Albright*



Association (Continued)

Cast your vote for the Distinction of Professionalism awards

PIANJ is calling for nominations for its 2006 Distinction of Professionalism awards, honoring insurance professionals who exemplify the qualities and actions that serve as an example of industry excellence.

- The Professional Agent of the Year award is presented to an agent who demonstrates excellence and achievement in insurance marketing and service; personal commitment to professionalism; and contributions to PIA and the community.

- The Company Person of the Year award honors a company representative who demonstrates qualities that foster a sound working relationship between insurance agent and company.

- The Distinguished Insurance Service award recognizes the person who has established a history of service to the American agency system and/or PIANJ.

- The Community Service award is given to the agent who has had a leadership role in a significant activity for the betterment of the community and/or its individuals.

“PIANJ considers it important to recognize the professionalism of the brightest and most dedicated individuals in the insurance industry,” said John A. Latimer, Esq., president of PIANJ. “These awards honor those in the insurance industry who have strong ties with their colleagues and their communities and serve as an example to the rest of us in the insurance profession.”

The awards will be presented to the recipients during PIANJ/PIANY’s Joint Annual Conference, June 11-13, 2006, at Bally’s Atlantic City, Atlantic City, N.J.

If you know someone who should be nominated as a candidate for any of the awards, fill out the form on [page 7](#) and fax it back to (888) 225-6935, or logon to PIANJ’s Web site and enter [EC10068](#) in the Quick-Link box. The deadline for nominations is April 17.

—*Czupryna*

April 3: Planning your agency’s quick recovery and functionality after a catastrophe

When you sell promises, you’d better be prepared to deliver. That means, when you AND your clients face a common disaster, you must be there, intact, so they can turn to you. PIA prepared a planning tool designed specially for insurance agencies and containing “lessons learned” after last season’s hurricanes. If your agency already has a formal disaster plan, you’ll benefit by cross-checking yours against this latest PIA offering. If you DON’T have a plan... well (as the saying goes), you are planning to fail—both yourself and your clients.

Join us for a Lunch ‘n’ Learn program April 13, designed to walk agency owners, managers and employees through the thought process of using PIA’s disaster manual to develop or enhance your OWN agency plan.

Help ensure the safety of agency employees. Help keep them ready to respond when your clients turn to them with questions, claims and needs after a disaster. For more information, logon to the PIANJ Web site and type [EC10057](#) into the Quick-Link box for Lunch ‘n’ Learn Central.—*Hoesten*

PIANJ supports brochure on shopping for auto insurance

PIANJ and other trade organizations assisted the Insurance Council of New Jersey in developing a consumer brochure that offers advice to consumers shopping for automobile insurance. [ICNJ](#) developed the brochure, which has been provided to legislators, legislative district offices, state agencies and public libraries. While these are not brochures PIANJ members would likely share with their clients, it, and other

ICNJ-PIANJ initiatives, such as a brochure on credit scoring in both Spanish and English are available through the PIA Resource Center. For the “Shopping for Auto Insurance-A Consumer’s Guide,” use QuickLink No. [QS29204](#). For the credit scoring brochure, use QuickLink No. [QS29202](#) for English and QuickLink No. [QS29203](#) for Spanish.—*Albright*

State

PIANJ supports bill to restore coverage to N.J. Surplus Lines Insurance Guaranty Fund

PIANJ recently supported a bill that would restore coverage under the New Jersey Surplus Lines Insurance Guaranty Fund for claims involving liquor law liability.

In testimony before the Assembly Financial Institutions and Insurance Committee PIANJ Legislative Representative Leon Zimmerman noted that the Fund currently pays the claims of bankrupt surplus lines insurers for only two lines of insurance—medical malpractice liability and property insurance covering owner-occupied dwellings of less than four dwelling units.

“Prior to June 2002, when the law was amended, the Fund covered most types of property/casualty lines

written on a surplus lines basis,” Zimmerman said. “PIANJ always has been of the opinion that stripping coverage under the Fund was detrimental to the interests of policyholders of insolvent surplus lines insurers.”

PIANJ supports adding the liquor law liability claims coverage back to the Fund because they tend to involve substantial damage amounts and it would benefit consumers to have access to these funds in the event that their insurer is unable to play their claims.

PIANJ also urged the committee to consider restoring coverage for other types of property/casualty claims previously covered by the Fund.—*Czupryna*

DOBI advises of online renewals for April 2006

As of March 10, 2006, the DOBI no longer will mail renewal applications to producers. Approximately 30 days prior to the renewal date, producers will receive a renewal notice from the DOBI that will provide detailed information regarding the online renewal

process. Any licensee not able to renew online may submit a paper renewal application form to the department. For more information, logon to

www.state.nj.us/dobi/inslic.htm#renewal06.—*Muratori*

MVC to issue six-year driver's licenses

The **New Jersey Motor Vehicle Commission** announced recently that it will begin issuing approximately 700,000 six-year driver's licenses in order to achieve an even distribution of driver license renewals over each year of New Jersey's standard four-year license cycle.

The 700,000 six-year licenses will be given to ran-

domly preselected motorists between May 2006 and December 2007. Renewal notices sent to these motorists will note that selection.

The six-year driver's license fee will be \$33; while the standard four-year license fee is \$24.

—*Aleksejczyk*

Goldman sworn in as acting DOBI commissioner, approved by Senate committee

Steven M. Goldman was sworn in as acting commissioner of the New Jersey Department of Banking and Insurance on March 1. Goldman takes the helm from Donald Bryan, who has been serving as acting commissioner since being appointed by Acting Gov. Richard J. Codey on March 1, 2005, to fill the vacancy created by Holly C. Bakke's resignation.

Prior to his swearing in, Goldman was a corporate

lawyer who spent more than 20 years at Sills Cummis Epstein and Gross PC of Newark. He specialized in corporate law, specifically mergers and acquisitions, banking and finance, joint ventures and leveraged buy-outs.

Goldman's nomination was approved by the Senate Judiciary Committee March 13, 2006, and awaits confirmation by the full Senate.—*Aleksejczyk*

National

PIA reaffirms opposition to optional federal charters

PIA National recently reaffirmed its opposition to any proposals that call for a so-called “optional” federal charter for insurers.

The association also initiated a nationwide campaign through its state and regional affiliates to get each state legislature to pass a resolution declaring its support for maintaining the states as the primary insurance oversight authority and regulator of the business of insurance, together with opposition to federal encroachment through creation of a federal insurance regulator or an optional federal charter.

The action was brought forth after it was announced that a bill by Sens. John Sununu, R-N.H.,

Sign up for the 2006 PIA Federal Legislative Summit

The 2006 PIA Federal Legislative Summit will be held Thursday, April 6, in Washington, D.C. The 2006 PIA FLS will begin with a breakfast where participants will be briefed on PIA’s current legislative initiatives and hear from influential speakers. Then, it’s a day of legislative visits on Capitol Hill. In the

FEMA issues update on recovery process for 2005 hurricanes

The Federal Emergency Management Agency recently issued a progress report on the recovery process following Hurricanes Katrina and Rita.

Included in the “by the numbers” update are the following.

- More than 81,000 damaged roofs that have been temporarily covered under FEMA’s “Blue Roof” program, operated by the U.S. Army Corps of Engineers. The program allows families to remain in their homes as they rebuild.

- FEMA approved more than \$165 million in disaster unemployment assistance for 108,149 eligible hurricane victims in Louisiana who signed up during the application period.

- The SBA has approved more than \$3 billion in

and Tim Johnson, D-S.D., calling for the creation of optional federal charters was expected to be introduced soon.

In a survey of PIA members’ views on insurance regulation, an overwhelming majority (83.6 percent) said that having a federal insurance regulator is a bad idea, 88.3 percent expressed support for continuing the current system of functional state-based insurance regulation and 55.1 percent said changes are needed to modernize state insurance regulation. The survey was conducted Sept. 23-29, 2004.—*Aleksejczyk*

evening, PIA’s Political Action Committee PIAPAC will hold its annual PIAPAC Fundraising Dinner.

For more information or to register for the FLS, logon to the PIA National Web site at www.pianet.com.—*Aleksejczyk*

disaster assistance loans to 45,275 homeowners and renters in Louisiana.

- FEMA has paid out \$3.5 billion in financial housing assistance to Louisiana victims, in the form of rental assistance and home repair reimbursement grants.

- FEMA has provided more than \$4.6 billion directly to Louisiana victims of Hurricanes Katrina and Rita for housing and other needs assistance through the Individuals and Households Program. This is more than the \$1.2 billion used for IHP after the 2004 Florida hurricanes.

- To date, FEMA has paid out \$12.4 billion under the National Flood Insurance Program to policyholders in Louisiana.—*Aleksejczyk*

NJYIPs kick off 22nd annual Fun Run

The New Jersey Young Insurance Professionals recently kicked off the drive for its 22nd annual **FUN RUN**, a 5K foot race to benefit Special Olympics New Jersey. Sign up to run/walk, form a team, make a donation, become a sponsor!

Want to know more about the Fun Run, which is held during the PIANJ/PIANY Joint Conference, June 11-13 at Bally’s Hotel and Casino, Atlantic City? For more information, call (800) 424-4222, Ext. 273.—*Verschilling*

Company

Florida files complaint against Marsh

- Florida Attorney General Charlie Crist recently filed a civil complaint against **Marsh & McLennan Cos. Inc.** alleging that the company illegally manipulated insurance markets to obtain improper commissions and engaged in bid rigging. In a joint action, the attorney general's office and the Department of Financial Services charged the corporation and three of its affiliate and subsidiary companies, **Marsh USA Inc.**, **Marsh Inc.** and **Marsh Placement Inc.**, with numerous violations of Florida's Racketeer Influenced and Corrupt Organization Act and antitrust statutes.

- New York Attorney General Eliot Spitzer recently subpoenaed **National Financial Partners** seeking "information regarding life-settlement transactions." Life-settlement business accounted for between 6 to 8 percent of National Financial's \$891 million in revenue in 2005. The company warned that its revenues could be "adversely impacted," if regulators imposed new rules or practice on the life-settlements business.

The Wall Street Journal also reported recently that Spitzer has begun investigating several companies in the title insurance industry, including **First American Title Insurance Co.**, **Fidelity National Title Group Inc.**, **LandAmerica Financial Group Inc.** and **Stewart Title Guaranty Co.** The attorney general is trying to determine if the companies made illegal payments to boost business.

- In late February, Minnesota Attorney General Mike Hatch sued **American International Group Inc.**, claiming the insurer's settlement with New York regulators would not adequately compensate his state. Under the New York settlement, Minnesota could have received \$1.2 million, however a spokesperson for Hatch's office said AIG could owe Minnesota as much as \$10 million.

- **Selective Insurance Group Inc.**, Branchville, N.J., recently announced several executive appointments to Selective Insurance Co. of America, including the following. Diederik Olijslager was named vice president, Selective Insurance Group, and senior vice president, head of fixed income; Daniel Bravo was named senior vice president of Selective's Knowledge Management operations; Fred Ferraro was named vice president and equity portfolio co-manager of

Selective's Investment Group; Robert Lippman to vice president and regional director of Selective's Staff Counsel—New York state region; and Thomas Romando to vice president and regional director of Selective's Staff Counsel—New Jersey region.

- **White Mountains Insurance Group, Ltd.** reported net-income fell 93 percent in the fourth quarter of 2005 due to a combination of hurricane losses, decrease in investment and reserve increase. The company reported its net income fell \$152.6 million for the fourth quarter of 2005 to \$12.2 million, or 86 cents a share, from \$164.8 million, or \$15.31 a share in the same quarter, one year previous.

- **Tower Group Inc.** reported financial results for the fourth quarter and all of 2005. For the year, total revenues increased by 104.1 percent to \$219.8 million, compared to \$107.7 million in 2004. Net premiums earned represented 74.8 percent of total revenues for 2005, compared to 42.3 percent in 2004.

Also, the group is in talks to obtain multi-year reinsurance agreements, under which Tower's insurance subsidiaries would cede 25 to 45 percent of premiums and losses on brokerage insurance business Tower historically has written through retail and wholesale agents and its traditional program business written through program underwriting agencies.

- **CNA Financial** posted a fourth quarter net loss of \$217 million, compared with net income of \$303 million in the fourth quarter of 2004. The company's financial results were impacted by a \$223 million loss from finite reinsurance contracts and \$37 million in catastrophe losses, primarily related to Hurricane Wilma.

- **Citizens Financial Group** announced it will sell its insurance agency businesses to **Hub International Ltd.** Hub will purchase three large insurance brokerages from subsidiaries of CFG, including: **Citizens Clair Insurance Group**, based in Pennsylvania; and **Brewer & Lord and Feitelberg Insurance**, both based in Massachusetts for \$80 million (inclusive of tangible net worth) payable in cash on closing, as well as an earn-out based on future performance.—*Aleksejczyk*

Technical

ISO crime program updated

The **Insurance Services Office Inc.** introduced changes to its Crime and Fidelity Program effective May 1, 2006. Three forms have been withdrawn and 24 have been revised. They now carry a May 2006 edition date. Some of the changes that are included in the filing are as follows.

- Coverage has been expanded under Insuring Agreement No. 8—Money Orders And Counterfeit Money for all counterfeit money, not just paper currency.
- For coverage under Insuring Agreement No. 6—Computer Fraud, the Exchanges Or Purchases and the Voluntary Parting Of Title To Or Possession Of Property exclusions have been deleted.
- Exclusions have been introduced for acts of employees known prior to the policy period, confidential information, credit card transactions and pollution.
- A Termination As To Any Employee condition under Insuring Agreement No. 1—Employee Theft has been added to address automatic coverage for additional premises and employees acquired through normal growth (not a merger or acquisition).
- The Other Insurance condition has been expanded to address primary and excess coverage situations.
- The Employee Benefit Plans and Extended Period To Discover Loss conditions have been revised for clarity.
- The Ownership Of Property; Interest Covered condition has been revised from three categories to two (i.e., 1. property owned or leased and 2. property held for others, regardless of legal liability for the loss).
- The definition of Other Property has been specifically revised to exclude computer programs and electronic data.
- The definitions for Employee and Occurrence have been expanded.

As always, check with your insurers to determine if, and when, they intend to adopt this ISO filing.—*Corbin*

Nomination Form 2006 Distinction of Professionalism Awards Program

(If needed, please photocopy form for multiple nominations.)

I would like to submit the following nomination:

Name _____

Title _____

Agency/company _____

For:

- Professional Agent of the Year
- Company Person of the Year
- Distinguished Insurance Service
- Community Service Award

Nominator _____

Agency/company _____

Telephone _____

Date submitted _____

Signature _____

Reasons _____

(Attach additional pages if necessary.)

Submissions must be received by April 17, 2006

Return to:

PIANJ

25 Chamberlain Street

P.O. Box 997

Glenmont, NY 12077-0997

Fax: (888) 225-6935

3063- DFK 2/06

PIANJ Calendar of Events

April

April 3—Your office

• **Lunch ‘n’ Learn Teleconference Series—Up and Running: Planning Your Agency’s Quick Recovery & Functionality After a Catastrophe**

April 4—Edison

• **NJ PAIP/CAIP Producer Procedures Course**
NJCE: 4

Apr. 27-29—Edison

• **CIC Agency Management Institute** ^{^FF, ^UM}
NJCE: 20 NJCE/12 with yearly designation update

May

May 2—Edison

• **CISR PA: Insuring Personal Auto Exposures**
NJCE: 8/12 with designation

May 3—Mt. Laurel

• **CISR PA: Insuring Personal Auto Exposures**
NJCE: 8/12 with designation

May 12—Your office

• **Lunch ‘n’ Learn Teleconference Series: Flood Insurance Part II**

May 16—Branchville

• **CISR IC: Insuring Commercial Casualty Exposures**
NJCE: 8/12 with designation

May 18-20—East Windsor

• **CIC Commercial Property Institute**
NJCE: 20 NJCE/12 with yearly designation update

To register for an education event, call the Education Department, (800) 424-4244. Or, logon to the PIA Web site, click “New Jersey,” “Education,” and then “**Schedule.**”
^{^FF ^UM}—Contact the *PIA E&O Department* for details.

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