



# PIA Pipeline

February 2002

An online monthly benefit of your membership in PIA of Tennessee

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## Government, Industry Affairs gather on Capitol Hill

Members of PIA's Government and Industry Affairs committee gathered in Nashville Wednesday, Feb. 27, to meet with state legislators on proposed legislation important to independent agents.

Committee members, for the most part, addressed concerns of proposed legislation on producer licensing. Two bills have been filed that address producer licensing, Senate bill 2936 / House bill 2889 and Senate bill 2516 / House bill 2819.

PIA is especially concerned about language in proposed legislation that would license a "business entity" to sell insurance products.

PIA also is concerned about the time frame proposed in implementing any new C.E. regulations, and also would like to see stricter C.E. requirements.

To view the proposed legislation, go to [www.legislature.state.tn.us](http://www.legislature.state.tn.us). Click on "Bills" in the left corner, and then click on "Filed Bills Index." Enter SB or HB plus the bill number where requested.

Traveling to Nashville for Day on the Hill were PIA President Glen Page, President-elect Doron Claiborne, National Director Milton Lagasse, Committee Chairman Art Gernt II, and committee members Leighton Bush, Sr., Leighton Bush, Jr., Brad Butler and Randy Sparks. Four other committee members were absent due to inclement weather.

### State Redistricting

On January 14, both the Senate and House approved redistricting plans for the state, which were signed by Gov. Don Sundquist on January 17 and became effective immediately.

You can view the new districts by going to the legislature's web site (listed previously) and clicking "Redistricting" in the left column. You will find maps of the new House districts, Senate districts and Congressional districts.

### Company Survey Coming

It's been three years since PIA last conducted a survey of members asking you to rate your top companies.

Your Government and Industry Affairs Committee decided it is appropriate to conduct this survey once again. All agent members will receive a 2002 Company Rating Form within the next two weeks. Every member is requested to complete the form and return it to PIA for compilation. Results will be published in the June-July issue of *The Tennessee Agent* magazine.

## Register soon for 67<sup>th</sup> Convention & Trade Show

Watch your mail for registration forms for PIA's 2002 convention and trade show. Registration material will be sent mid-March.

PIA thanks its four platinum sponsors – Consumers Insurance, MetLife Home & Auto, Progressive and Sheffield Comp of Tennessee – for their generosity which allows us to offer half-off our regular registration fee.

To receive advertising, sponsorship, and exhibiting information, use the request form on page four.

## **PIA National opposes federal chartering bill**

PIA National has announced its opposition to legislation that would offer an optional federal charter for insurance companies.

H. R. 3766, the Insurance Industry Modernization and Consumer Protection Act, is sponsored by Rep. John LaFalce (D-NY). It essentially would create a 56<sup>th</sup> insurance jurisdiction, one that would allow for the creation of national insurance companies. The companies would be regulated by the Office of National Insurers.

“To his credit, Rep. LaFalce’s bill responds to some of the criticism raised toward previous federal charter options,” said PIA Senior Vice President of Government Affairs Patricia A. Borowski. “Unfortunately, he takes the wrong approach by using a fatally flawed concept – optional federal charter in a dual regulatory system.

“We must strike a balance between the need for national uniformity in standards and the demands of our emerging multi-state markets, within the framework of functional state regulation,” Borowski. “The LaFalce bill creates yet another conflicting, competing insurance jurisdiction that is unneeded.”

H.R. 3766 represents the first in what is likely to be a series of bills introduced to address this issue.

## **PIA to meet with Treasury**

PIA National was scheduled to meet with U.S. Treasury Department officials on Feb. 28, 2002, to discuss the extent that agents and brokers may have to go to in order to comply with new rules designed to better detect and prevent money laundering.

As of April 24, 2002, all entities in insurance are expected to comply with the USA Patriot Act of 2001, which came about in the aftermath of the September 11<sup>th</sup> terrorist attacks.

While the Treasury Department has the authority to exempt persons and transactions from the provisions of the act, officials have made it clear that they do not intend to exempt agents and brokers as a class per se from compliance of some sort. To the extent that agents and brokers will be required to comply, PIA National is working to secure procedures that will be in line with current, various accounting requirements and not have them in conflict with any current obligations (statutory, legal or contractual).

## **Simpler privacy language discussed**

“User-friendly” language that could be incorporated into GLBA privacy notices is being discussed by the National Association of Insurance Commissioners (NAIC). Ellen Sanders from PIA National is representing producers in the discussion group.

NAIC’s intent is to present carriers and producers with consumer-friendly clauses that can be incorporated into required privacy notices. The ultimate goal is to help consumers to understand what is and what is not protected by the GLBA privacy requirements.

## **BuyUmbrella.com adds commercial umbrella product**

BuyUmbrella.com, endorsed by PIA of Tennessee, has added a stand-alone commercial umbrella product to its umbrella arena.

BuyUmbrella.com gives agents alternative markets in the competitive umbrella market. Like BuyUmbrella.com’s personal umbrella product, the new commercial product will ride over most other carriers’ paper. The carrier is A++ rated and will consider risks and higher limits that usually pose obstacles for agents in obtaining umbrella coverage.

“The current hard insurance market provides opportunities and challenges for all agents,” said Chester Butler, III, president of BuyUmbrella.com. “Our goal is to help the agent write new business and retain their current clients. It is only natural that we follow them into the commercial market, also.”

To receive information on the new commercial product, call 1-800-253-1165. For information on personal umbrella products, visit [www.buyumbrella.com](http://www.buyumbrella.com).

## **Workers’ Comp news**

As reported in the January issue of the *PIA Pipeline*, the NCCI had filed for a four percent increase in all class codes, retroactive to Jan. 1, 2002, due to claims attributed directly to the terrorist acts of September 11-14, 2001.

(Continued)

At the February meeting of the Tennessee Workers' Compensation Advisory Council, the council voted to advise Commissioner of Insurance Anne Pope to disapprove the four percent increase. In addition, the Council asked the NCCI to re-submit its filing after the issue is reconsidered by the National Association of Insurance Commissioners. Commissioner Pope has until March 27, 2002 to act upon the filing.

The Workers' Compensation Division of the Tennessee Department of Labor & Workforce Development has released a new version of the Tennessee First Report of Work Injury, Form C20. According to a memorandum from Commissioner Michael E. Magill, the form has been modified to meet Occupation Safety and Health Administration (OSHA) requirements and the International Association of Industrial Accident Boards and Commissions (IAIABC) standards for electronic data interchange. The new form, which now requires the signature of the injured employee, should be used immediately. For more information, go to [www.state.tn.us/labor-wfd/wcomp](http://www.state.tn.us/labor-wfd/wcomp). Click on "New - C20 Form."

## Industry news

- **PHICO Insurance Company** has been placed in liquidation by a Pennsylvania court, effective Feb. 1, 2002. The company had been in rehabilitation since August 16, 2001. Correspondence to the liquidation can be sent to: Statutory Liquidator, PHICO Insurance Company (In Liquidation), P.O. Box 2025, Mechanicsburg, PA 17055.
- The Nebraska Insurance Department has announced that it will disapprove **terrorism exclusions** in personal lines insurance, including exclusions for nuclear and bio-terrorism risks. The National Association of Insurance Commissioners rejected, last month, a request by the National Association of Independent Insurers that insurers be allowed to include terrorism exclusions in auto and homeowners insurance policies. Previously, the NAIC had approved such exclusions in commercial line policies.
- **Rackley Systems, Inc.** has released Windows personal lines ratings of Personal Auto and Homeowners in Tennessee. For more information contact Rackley Sales at 1-800-874-2616 or visit their web site at [www.rackley.com](http://www.rackley.com).
- **SAFECO** has announced changes in commission structure for personal lines. The company will increase the commission it pays for new auto business from 10 percent to 17 percent, while commission on homeowners policies will decrease to 10 percent from 15 percent. The company also announced that it will implement rate increases and roll out a new auto insurance product.
- **Travelers Property Casualty Corp.**, the car, home and business insurance unit of Citigroup Inc. has filed details of its initial public offering, which may be the largest ever in the U.S. insurance sector. The insurer is being spun off by Citigroup to its shareholders, with 20 percent to be sold to the public. The spinoff is set to be completed by the end of March.
- The National Association of Mutual Insurance Companies has launched a web site that disseminates information about mold to the insurance industry. **MoldUpdate.com** provides news, education, scientific links, litigation updates, state legislation and acts as a clearinghouse for insurance industry issues relating to mold.

## Progressive survey identifies consumer wants

Auto insurance consumers continue to expect an extremely high level of service from their insurance agent, according to a survey by Progressive Insurance.

Progressive surveyed 900 auto insurance consumers across the country who purchased their policy from a local agent. Nearly all, 99 percent, said that they want their insurance agent to be responsive and available whenever needed.

The survey also identified that consumers want local availability, expert counsel and advice, the ability to handle all their insurance needs and online access to their policy.

Other findings include:

- 92 percent want their agent to have a local office where they can go for sales and services
- 59 percent said a family member, friend or co-worker recommended them to their current agent
- 27 percent said they found their current agent through advertising in the local Yellow Pages, an office sign or other advertisement
- 95 percent said it was important for their agent to offer expert counsel
- 92 percent said that it is important for their agent to handle all of their insurance needs, despite the fact that only 38 percent said representing more than one company was important.

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## Market update

The following update is from the Tennessee Department of Commerce and Insurance.

### Acquisitions

- Mountain States Insurance Company (NAIC# 34312) has been acquired by Producer Lloyds Insurance Company, a foreign company, effective 01/09/02

### Name Changes

- Commercial Union Insurance Company (NAIC# 20621) has changed its name to Onebeacon America Insurance Company, effective 01/28/02 in Tennessee
- CGU Insurance Company (NAIC# 21970) has changed its name to Onebeacon Insurance Company, effective 01/28/01 in Tennessee
- CGU Insurance Company of New Jersey (NAIC# 21946) has changed its name to Camden Fire Insurance Association, effective 01/28/02, in Tennessee
- Nobel Insurance Company (NAIC# 10340) has changed its name to Stonington Insurance Company, effective 01/29/02, in Tennessee.

## Teen driving and the prom

Spring time is just around the corner, and for most high school juniors and seniors that means PROM!

The "I Promise Program" has written an article about driving safety and prom night which is available at no charge. The article has been circulated to news media across the U.S. and Canada, and it is available to agents who would like to send it to their insureds or take it to their local newspaper.

The mission of the I Promise Program is: To reduce teen-related car crashes across North America.

Use the request form below to request the article or go to [www.ipromiseprogram.com](http://www.ipromiseprogram.com)

## News to note

- Sorry, we're late. This issue of the *PIA Pipeline* is late so that we could include a report from PIA's Day on the Hill, held Wednesday, Feb. 27.
- PIA member Chester Butler was quoted in the e-newsletter, *enr.com* (Engineering News-Record) about the rising costs of insurance coverage in the construction industry. Butler specifically discusses wrap-up insurance programs.
- If you have been sought out by media representatives to comment on current topics in insurance, let us hear from you. Email [lgaines@piatn.com](mailto:lgaines@piatn.com)
- The *PIA Pipeline* and the *3-Minute Sales Clinic* are now available by email. Use the request form below to receive both or either in email format.

## Sympathy expressed

PIA of Tennessee expresses sympathy to Pam Taylor, Penn Millers Mutual, whose husband, Bruce passed away suddenly from a massive heart attack Feb. 12. Survivors include their two children.

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The **PIA Pipeline** is a monthly newsletter published for the members of PIA of Tennessee, 1-800-875-7428, email: [piatn@piatn.com](mailto:piatn@piatn.com)

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**Response Form*****PIA Pipeline, February 2002***

I want to receive the following by email:

 *PIA Pipeline*     *Agency's 3-Minute Sales Clinic*    Include your email address below. Send me the following convention materials: \_\_\_\_\_ Send me the "I Promise Program" article on prom night safety.

From:

Agency/Company:

Mailing Address:

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

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