



**NEWS**

Property Casualty Insurers Association of America

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## FOR RELEASE ON RECEIPT

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# PCI Statement on Spitzer Investigation

*The following statement was issued by PCI President and CEO Ernie Csiszar in response to the investigation by New York Attorney General Eliot Spitzer alleging illegal practices in the commercial lines insurance market.*

CHICAGO – “All insurance consumers should have the confidence that they have access to the most timely, accurate, and useful information they need to make an intelligent purchasing decision – whether it is to insure their home or auto or a Fortune 500 business.

“PCI condemns any illegal and anti-competitive practices that result in consumers being denied the opportunity to purchase the best possible coverage at the most competitive price and believes that those engaged in such activities should be punished to the fullest extent of the law.

“Moreover, we believe that a more competitive insurance regulatory environment that ensures the transparency and disclosure to consumers of the terms and conditions of every insurance contract – including broker compensation – would go a long way toward preventing the practices outlined in the Spitzer investigation. The fair exchange of information is the key to achieving a truly competitive insurance market.

“All the regulation in the world won't prevent unscrupulous individuals from breaking the law. Civil regulation is intended to deter illegal acts, not preclude them. Individuals and corporations that violate the law are subject to arrest and prosecution after the fact. This is exactly what is happening in the Spitzer probe.

“While those guilty of any illegal business practices should be punished, it is unfair to paint the entire industry with the same brush that is being applied to the individuals and corporations named in the Spitzer complaint. It is important to keep in mind that the businesses affected by these transactions are sophisticated corporate insurance buyers, many of whom consult with or retain risk managers to assist them in the purchasing process.

“PCI believes that unnecessarily expanding the investigation with the intent of altering long established incentive compensation systems for brokers and agents is counterproductive and may distract law enforcement officials and insurance regulators in other states from their primary objective – identifying, prosecuting, and punishing those guilty of cheating consumers.

“Incentive compensation programs, including the payment of contingent fees and commissions based on the volume or profitability of business, are a part of the fabric in many industries, including insurance, real estate, and auto dealerships. These agreements not only award sales excellence, they also can result in the consumer being able to enjoy more favorable pricing, terms and conditions.

"PCI does not believe that these contractual relationships between insurers and agents and brokers should be subject to review by regulators or law enforcement officials, and we believe that it is poor public policy for legislators and regulators to dictate the terms and conditions of contracts between private parties.

"PCI supports a competitive insurance marketplace based on transparency and disclosure. Anything that skews that market -- be it burdensome regulation or illegal acts -- is not in the best interests of consumers, companies, or the market."

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write \$173.6 billion in annual premium, 39.1 percent of the nation's property/casualty insurance. Member companies write 49.1 percent of the U.S. automobile insurance market, 37.8 percent of the homeowners market, 31.8 percent of the commercial property and liability market, and 38.5 percent of the private workers compensation market.

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