

eREPORTER

Professional Insurance Agents of New York State Inc. June 30, 2006

NYPIUA one-year extender passes

The **Assembly** and Senate passed A.11401, a bill that will extend the operating authority of the **New York Property Insurance Underwriting Association** by one year, to June 30, 2007.

This bill also extends other important sections of Insurance Law, including many provisions of the rating law, the homeowners and personal auto insurance company withdrawal provisions, and the "2 percent"

PIANY finds restrictions on homeowners insurance in downstate area

A survey of insurance agencies conducted by **PIANY** found that homeowners insurance companies have taken steps to reduce their exposure in downstate areas of New York since Jan. 1, 2006. As of this date, the **Allstate Group** said it would cease insuring new homeowners and would begin nonrenewing some policyholders in eight downstate counties, including Nassau, Suffolk, Westchester and the five boroughs of New York City.

PIANY members in these counties reported several types of restrictions. Of the 70 agencies responding, 40 percent said one or more of their companies has stopped accepting new business. However, only 23 percent reported that any of their companies has started nonrenewing more homeowners than usual.

The agents say that some companies are adopting stricter guidelines regarding a home's distance to water (67 percent of agents have seen this) and/or

rules for personal auto nonrenewals. Everything will sunset again as of June 30, 2007.

The bill also extends the life of the state's Temporary Panel on Homeowners Insurance. PIANY has asked that this body be reactivated to deal with market issues affecting homeowners policyholders.

Watch for more information on other end-of-session activity from PIANY.—*Kiehl*

requiring more or larger deductibles for windstorm losses (43 percent).

On the positive side, when asked about their other carriers' reaction to the Allstate announcement, six out of 10 said either their companies don't plan to stop writing new business (40 percent) or they actually want to pick up business dropped by Allstate (21 percent). Most of the remaining agents say companies are nervous but are taking a "wait and see" attitude (29 percent), while just 10 percent say other companies plan actions similar to Allstate's.

PIANY conducted a similar survey in February 2006. In the four-month interval, responses differed in several areas, with most differences pointing to a more restricted homeowners insurance market in these eight counties.

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Top-rated insurance companies hold edge in PIANY's fourth annual Company Performance Survey

PIANY has announced the results of its fourth annual Company Performance Survey. Five of last year's top companies, **Chubb Group** (personal), **MetLife Auto & Home**, **Progressive/Drive**, **Atlantic Mutual** and **Sterling** again ranked among the top performers for garnering high marks from agents in a variety of categories. They were joined this year by **Central Insurance Co.** (Ohio), **Chubb Group** (commercial), **National Grange** (commercial) and **Selective**. All these companies ranked among the top five companies on five or more of the survey's 16 performance items.

Overall top-scoring companies for all performance items combined, with a total score of more than 60, are: **Selective**, **St. Paul Travelers** (personal), **MetLife Auto & Home**, **Chubb Group** (personal), **National Grange** (commercial), **Sterling**, **National Grange** (personal), **Progressive/Drive**, **Preferred Mutual**, **Atlantic Mutual**, **Chubb Group** (commercial), **New York Central Mutual**, **The Hartford** (commercial), **Central Insurance Co.** (Ohio) and **Erie Insurance Group**. The highest possible overall score was 80.

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Association

PIANY/NJ Joint Annual Conference draws record crowd

Nearly 2,000 insurance professionals met at the largest gathering of insurance agents and brokers in the Northeast—the PIANY/PIANJ Joint Annual Conference. The conference was held June 11-13, 2006, at Bally's Atlantic City.

The conference offered individuals the opportunity to participate in educational seminars; attend social events, including an opening reception and recognition banquet; and view the latest products and services available during the trade show, which has sold out for the past six years.

Professionals took the opportunity to earn necessary continuing education, choosing from 10 varied education sessions. Eight of the courses were approved for 3 NJCE and 3 NYCE credits. The industry's most renowned instructors offered provocative insight on topics from coverage essentials for personal and commercial lines to effective selling techniques and even flood insurance.

• For those looking for continuing education opportunities, this year's conference offered attendees access to seminars taught by R. Bryan Tilden, CIC, CPCU, CLU,

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PIANY recognizes outstanding industry stars

More than 400 guests gathered June 12 for the PIANY/PIANJ Annual Recognition Banquet, honoring the industry's finest during the Joint Annual Conference..

Stuart Fries, CIC, vice president of Garber Atlas Fries & Associates Inc. in Oceanside was presented with the Professional Agent of the Year award. Active in the insurance industry, Fries is a member of the Governing Committee of the **New York Auto Insurance Plan** and has served as an appointed public member by several New York State Superintendents of Insurance for more than 25 years. He currently serves as chairman of the Rules sub-committee and is a long-standing board member of the **Council of**

Insurance Brokers of Greater New York.

"I am honored to receive this award from PIANY for my work in the industry," said Fries. "There is no greater recognition than to have your efforts acknowledged by your peers."

"Throughout his career, Stu has demonstrated a deep level of dedication to our industry. He has earned the respect and trust from his colleagues and customers that he truly deserves," said PIANY President Shawn Viaña. His contributions have been truly extraordinary. PIANY is proud to present him with this award."

PIANY also recognized John O'Shea, chairman of Marshall & Sterling Inc. in Poughkeepsie, with its Distinguished Insurance Service award for his history of service

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PIANY Industry Resource Center

Coverage for borrowed autos

Most agents are comfortable in answering inquiries from insureds on what coverages are allotted for rental vehicles, but confusion often arises about what coverages are applicable when it comes to borrowed autos.

PIANY has completed a comprehensive resource kit that explains applicable

coverages, the Insurance Services Office Inc. rule along with New York state exceptions and situations which determine whether the coverage is primary or excess.

To order yours, visit PIANY's Web site at www.piaonline.org and key **QS31136** in the Quick-Link

box, or fax PIA's Industry Resource Center at (800) 424-4244.



Association (Continued)

NY-YIPs recognize three during YIP Awards Luncheon

The **Young Insurance Professionals** Awards Luncheon featured the industry's brightest rising stars as New York and New Jersey YIPs honored their award winners during the PIANY/PIANJ Annual Conference. NY-YIP President Michael Cracco kicked off the luncheon by recognizing Peter Resnick, vice president and secretary of Interboro Mutual in Mineola as NY-YIP Insurance Professional of the Year. A 20-year veteran of the industry, Resnick has made a significant contribution to ensuring the future of our industry by helping to develop the leaders of tomorrow. "Peter's dedication and reliability to serving the needs of the insurance business, along with his commitment and energy toward advancing the insurance profession, stands as a hallmark of his professionalism," said Michael Cracco, president of NY-YIP.

NY-YIP also honored PIANY director Michael Skeele, CIC, president of Skeele Agency Inc. in DeRuyter, as NY-YIP Volunteer of the Year. This award recognizes Skeele's commitment to NY-YIP and to improving the quality of the group's events and programs.

Donna Chiapperino of Jimcor Associates Corp. and past President of NY-YIP was recognized with an honorary lifetime membership of the New York Young Insurance Professionals. Given to an individual who has rendered remarkable service to the insurance industry and to the association as a whole, the lifetime membership is awarded only upon a unanimous vote by the NY-YIP board of directors. Previous recipients of this tribute include PIANY and NY-YIP past President T.J. Derella, president of Kingstar Co., and PIANY Honorary Vice President Harvey A. Leff, of Brooks of New York Inc.—*Christiano, Cramer*

Privacy Online Tool Kit—your newest member benefit

Producers are affected by a number of laws and regulations that govern the privacy of their customers' personal information, often resulting in more affirmative obligations than producers may realize. Whether its privacy notices, written information security programs, business associate agreements or document disposal, there's a lot to consider. To assist members in meeting these challenges, PIA's technical staff has put together a tool kit giving you the information you need to comply with these rules.

Survey will generate agency-specific notices, security plans. Two exciting features of this tool kit are the privacy notice and risk assessment surveys. They offer association members a comprehensive survey to help create your agency's privacy notice and a comprehensive question-and-answer tool to assist you in developing an appropriate written information security program, respectively.

This online tool kit also offers association

members:

- a comprehensive overview of privacy statutes and regulations;
- information on how to develop your written information security program;
- information on the Gramm-Leach-Bliley Act, HIPAA, Fair Credit Reporting Act and Driver Privacy Protection Act and the Fair and Accurate Credit Transaction Act;
- state rules on security freezes and breaches; and
- and other helpful links on privacy issues.

To access this latest free member benefit, logon to www.piaonline.org and key **RC10028** in the Quick-Link box in the upper-right-hand corner.

Once you've developed your privacy notice, why not have PIA's Creative Services print and mail it to your clients? It even can be sent with your customized newsletter developed by PIA. Call Creative Services at (800) 424-4244 for more information.—*Albright*

Did you miss PIA's "Privacy and the Professional Insurance Producer?"

If so, order your CD-ROM copy today. Presented by PIA's own Steve Imbriaco, Esq., this program helps you navigate your way through the seemingly difficult process of privacy compliance. Topics

include: the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, HIPAA and more. For more information or to order, see: www.piaonline.org/EDU/EDUmedia/privacycd_rc.pdf.—*Aleksejczyk*

Association (Continued)

PIANY recognizes outstanding industry stars *(Continued from page 2.)*

and leadership and attention to the concerns of independent agents and their clients.

O'Shea, who rose through the ranks of his company and became president in 1980, has been recognized as a land-breaking leader in his community. Under his leadership, his agency has enjoyed remarkable growth, now positioned in 15 locations through-

Top-rated insurance companies hold edge in PIANY's fourth annual Company Performance Survey *(Continued from page 1.)*

"With PIANY's 2006 Company Performance Survey, the survey project completes four successful years. Throughout that time, results proved remarkably consistent," said PIANY President J. Carlos "Shawn" Viaña. "Top-rated companies tend to hold their edge."

The PIANY Industry Liaison Committee, headed by Richard Savino, CIC, CPIA, oversaw the 2006 survey project. The survey asked agents to rate their companies on various performance items agents value in their companies.

The survey asked New York agents to rank 56 insurance companies or company business units in a number of different categories including products and pricing; treatment of agents; marketing support; technology; claims handling; service and underwriting. As with last year's survey, agents were asked to rate some companies' commercial lines and personal lines performance separately.

Other companies included in the survey were: **AIG; Allstate; Andover Cos.; Associated Mutual; CNA/Continental Casualty; Country-wide; Dryden Mutual; Encompass; Erie & Niagara; Farmers Group; Fireman's Fund; GMAC/Integon; Great American; Greater New York Mutual; The Hanover Insurance Group; Harleysville/Worcester; Kemper/Unitrin; Magna Carta/PSM; Merchants Mutual; New York Mutual Underwriters; NOVA Casualty; Ohio Casualty; OneBeacon; Peerless; Philadelphia Insurance Cos.; Safeco; Security Mutual; Seneca Insurance Co.; Tower; Utica First; Utica National** and **Zurich North America**. Companies were chosen based on the number of PIANY members representing them and/or their market share.

out New York state and two in the U.S. Virgin Islands. It is currently ranked 26th in the nation.

"Everyone who has ever worked with John knows how valuable his expertise is in balancing the needs of his clients and employees," said Viaña. There is no one more committed to the goals of his agency and to his community as John."—*Christiano, Cramer*

"The relationships between insurance agents and their companies is vital to the success of the independent agency system," said Savino. "The Company Performance Survey is a great opportunity for agents to voice their praise or express any concerns about their insurance companies. Our goal is to provide agents' feedback to companies, helping them strengthen their operations and agency relationships."

Products and pricing. Agents were asked how strongly they agreed with the following descriptions, regarding the products and pricing of the company they were scoring:

- **Pricing is competitive.**
- **Coverage compares favorably.**

The companies perceived most strongly to have pricing that is competitive with other companies offering similar products are: **National Grange** (commercial), **County-wide, Andover Cos., Greater New York Mutual** and **National Grange** (personal). **National Grange** (commercial) has scored in the top five in pricing for the last four years, while **Andover Cos.** repeats from last year.

Companies seen as having coverage that compares favorably with other companies offering similar products include: **Chubb Group** (commercial and personal), **Erie Insurance Group, The Hartford** (commercial), **Encompass** and **Fireman's Fund** (personal). **Chubb Group** and **Encompass** scored high for coverage in all four years. **Erie Insurance Group** and **The Hartford** repeat from last year.

Treatment of agents. Agents were asked how strongly they agree with the following descriptions as applying to a company:

- **Dedicated to independent agency system.**
- **Attractive agency compensation.**

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Association (Continued)

Top-rated insurance companies hold edge in PIANY's fourth annual Company Performance Survey *(Continued from page 4.)*

- **Communicates effectively.**

Central Insurance Co. and **New York Central Mutual** scored in the top five on all three items, while **Atlantic Mutual**, **Merchants Mutual** (commercial), **Preferred Mutual** and **Sterling** rated among the top five carriers on two of these performance items.

The companies rated highest in the survey for dedication to the independent agency system are: **New York Central Mutual** and **Atlantic Mutual**; plus **Central Insurance Co.**, **Merchants Mutual** (commercial), **New York Mutual Underwriters** and **Sterling**, tied. **New York Central Mutual** has scored high all four years, **Sterling** repeats for the past three years, and **Atlantic Mutual** and **New York Mutual Underwriters** repeat from last year.

Companies viewed as offering attractive agency compensation include: **New York Central Mutual**, **Andover Cos.**, **Central Insurance Co.** and **Dryden Mutual**; plus **Associated Mutual**, **Merchants Mutual** (commercial) and **Preferred Mutual**, tied. **New York Central Mutual** has been tops in compensation for all four years; **Andover Cos.** repeats from last year.

The companies rated highest for their effective communication are: **Preferred Mutual**; plus **Atlantic Mutual**, **Central Insurance Co.**, **National Grange** (commercial), **New York Central Mutual** and **Sterling**, tied. **New York Central Mutual** and **Sterling** ranked high for their agent communications in all four years, **Preferred Mutual** repeats since 2004, and **Atlantic Mutual** repeats from last year.

Marketing support. Agents were asked how strongly they agree with the following descriptions as applying to the company they were rating:

- Advertises, has a recognizable brand.
- Supports agency marketing.

MetLife Auto & Home rated among the top five carriers on both performance items.

Companies perceived to advertise and have a recognizable brand include: **Allstate**, **Progressive/Drive**, **MetLife Auto & Home**, **Chubb Group** (personal) and **AIG** (commercial). **Allstate**, **Chubb Group** and **Progressive/Drive** have scored high

since 2003, **AIG** since 2004, and **MetLife Auto & Home** repeats from last year.

The companies thought to support agency marketing are: **Erie Insurance Group**, **Central Insurance Co.**, **Atlantic Mutual** and **Fireman's Fund** (commercial); plus **MetLife Auto & Home** and **Safeco**, tied. **Erie Insurance Group**, **Atlantic Mutual**, **Fireman's Fund** and **Safeco** repeat from last year.

Technology. Agents were asked how strongly they agree with the following statements about companies' technology:

- Good technology overall.
- Good support, helps with training.
- Enables real-time transactions.

MetLife Auto & Home, **Progressive/Drive**, **Selective** and **St. Paul Travelers** (personal) rated among the top five carriers on all three of these performance items. **Central Insurance Co.** scored high on two out of three.

The top companies perceived most strongly to have the best technology overall include: **Progressive/Drive** and **Selective**; plus **Central Insurance Co.**, **MetLife Auto & Home**, **St. Paul Travelers** (personal) and **Zurich** (small business), tied. **Progressive/Drive**, **St. Paul Travelers** and **Zurich** all have placed in the top five for good technology since 2003. **MetLife Auto & Home** repeats since 2004.

Companies recognized as offering good support and help with training are: **Selective**, **MetLife Auto & Home**, **Progressive/Drive**, **Central Insurance Co.**; plus **The Hanover Insurance Group** (personal), **St. Paul Travelers** (personal), **The Hartford** (commercial), tied. **Progressive/Drive**, **St. Paul Travelers** and **The Hartford** have ranked well since 2003.

Last year, item 10 asked agents about whether companies "support SEMCI." This year, the wording was changed to "enables real-time transactions." The change was made to recognize the priority placed by the ACORD-User Groups Information Exchange on real-time interface initiatives. Single entry, from a cost and accuracy standpoint, remains as important as ever for agency owners, but the model envisioned by the

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Association (Continued)

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"SEMCI" acronym may have become too limiting in judging carriers' performance.

The following companies scored highest in enabling real-time transactions for their agencies are: **Progressive/Drive**, **Selective**, **MetLife Auto & Home** and **St. Paul Travelers** (personal and commercial).

Claims handling. Agents were asked how strongly they agree that the following statements apply to a company's claims handling:

- **Pays promptly.**
- **Adjusts claims fairly.**

Chubb Group (commercial and personal) and **Erie Insurance Group** rated among the top carriers on both of these performance items.

Companies that agents say pay claims promptly include: **Chubb Group** (commercial and personal), **Progressive/Drive** and **MetLife Auto & Home**; plus **Erie Insurance Group**, **Merchants Mutual** (commercial), **National Grange** (personal) and **St. Paul Travelers** (personal), tied. **Chubb Group** and **Progressive/Drive** placed in the top five all four years. **MetLife Auto & Home** repeats from last year.

The top companies seen as adjusting claims fairly are: **Chubb Group** (commercial and personal), **Erie Insurance Group**, **Atlantic Mutual** and **Erie & Niagara**. **Chubb Group** and **Erie & Niagara** have ranked well for the last four years. **Atlantic Mutual** and **Erie Insurance Group** repeat from last year.

Service. Agents were asked how strongly they agree with the following descriptions of companies' service:

- **Good overall service.**
- **Speedy, responsive service.**

Chubb Group (personal) and **Progressive/Drive** rated among the top carriers on both these performance items.

The top five companies perceived most strongly to have good overall service include: **Chubb Group**

(personal) and **Progressive/Drive**; plus **Merchants Mutual** (commercial), **MetLife Auto & Home**, **National Grange** (commercial and personal), **New York Central Mutual**, **Preferred Mutual** and **Sterling**, tied. **Chubb Group** and **New York Central Mutual** have ranked well since the survey's first year; **Progressive/Drive** and **National Grange** since 2004.

In 2005, item 14 was worded as "prompt, accurate policy issuance," which has become largely a function of a company's technology. The item now asks about "speedy, responsive service." This change was made in recognition of changing expectations spurred by an increasingly 24/7 business environment.

Companies seen as having speedy, responsive service are: **Chubb Group** (personal), **Progressive/Drive**, **Selective**, **Erie Insurance Group** and **Sterling**.

Underwriting. Agents were asked how strongly they agree with the following statements about companies and their underwriting:

- **Stable, consistent market.**
- **Grants flexibility when warranted.**

National Grange (commercial) and **Sterling** rated among the top five carriers on both underwriting items.

The companies perceived most strongly to offer a stable, consistent market include: **Sterling**, **Chubb Group** (commercial and personal), **National Grange** (commercial) and **Selective**. **Chubb Group** and **National Grange** have ranked well since 2004.

Companies seen as granting underwriting flexibility when warranted are: **Central Insurance Co.** and **Great American**; plus **Atlantic Mutual**, **National Grange** (commercial), **Preferred Mutual** and **Sterling**, tied. **Sterling** has been a top scorer for its flexibility since 2003, while **Atlantic Mutual** repeats from last year.—Czupryna, Kiehl

Association (Continued)

PIANY finds restrictions on homeowners insurance in downstate area

(Continued from page 1.)

Availability scores show harder market.

As a quick way to take the temperature of a market, PIANY routinely asks members to rate availability of a specific type of insurance on a 1-to-5 scale. According to this scale, a 1 means “highly competitive” and a 5 means “impossible to place (except in a state-provided residual market).” Coastal homeowners insurance was rated a 3.6 in February; it tightened to 4.1 in June.

In February, 47 percent of respondents reported that their homeowners companies were less competitive than they had been a year ago; in June, this figure was 59 percent. In February, 31 percent of respondents said they could “never” place coastal homeowners in one of their regular companies; in June, this response grew to 38 percent.

Agents are turning to market alternatives for homes that are close to the water, including the residual market (the New York Property Insurance Underwriting Association) and excess line companies. In February, 41 percent said they sometimes use NYPIUA; in June the response was 45 percent. In February, 61 percent said they sometimes use excess line markets; in June the figure was 66 percent. Agents use these alternatives as a last resort, since NYPIUA offers less inclusive coverage and the excess line market is generally much more expensive.

On the bright side, nearly all respondents said they still have some insurers willing to write new homeowners policies. The average number (3.6) of agencies’ homeowners companies writing new business remained virtually unchanged since February, although 66 percent of the June respondents said they had fewer homeowners companies than they had a year earlier.

Suffolk markets tightest. Both surveys found differences between the situation on Long Island and those in the New York City and Westchester areas, with Suffolk County reporting the most difficult market conditions. Suffolk County agents are most likely to say they can “never” place coastal homeowners with their regular companies (60 percent). They rely most heavily on both NYPIUA (57 percent) and the excess line market (71 percent). They also are the most likely group to report companies taking actions to reduce their exposures, which PIANY first asked about in the June survey.

“We need solutions from regulators, legislators and companies, PLEASE!” one Suffolk County agent told PIANY.

PIANY’s legislative goals. PIANY is advocating a number of legislative actions to protect homeowners in the state, including: strengthening protections against mass nonrenewals and making these protections a permanent part of the Insurance Law; getting rid of a “sunset” provision that keeps NYPIUA from being permanently available for those who need it; reactivating New York’s Temporary Panel on Homeowners Insurance and asking the group to conduct new research and report its recommendations starting in 2007; requiring insurers to warn homeowners annually that regular homeowners policies do not cover flood insurance and explain how to purchase the coverage separately; and introducing a rating factor to reflect the chance that companies will need to pay large numbers of claims following a major catastrophe.

To see the full results of the survey, logon to <http://piaonline.org/NY/NYHOSurveyscfison06.pdf>.
—Czupryna, Kiehl

PIANY/NJ Joint Annual Conference draws record crowd *(Continued from page 2.)*

ChFC, ARM, ALCM, including: Uncovering Gaps and Creating Values; Insuring the E-Commerce Account; and Law & Ethics.

- Courses led by Catherine Trischan, CPCU, CRM, CIC, AU, AAI, included: Commercial Property–Coverage Essentials; Commercial Casualty–Coverage Essentials; and Errors and Omissions–Reducing the Risk.

- Rita Hollada, CPCU, CIC, AAI, CPIA, covered the following seminars: Personal Lines Coverage

Review; and Current Issues in Flood Insurance.

- Attendees joined John Monahan, CIC, CLU, ChFC, CPIA, for the following education courses: Effective Cross-Selling; and Selling Techniques: Maximize Your Time to Produce.

Look for more on this major event inside and look for a full wrap-up online and in the July/August edition of *PIA magazine*.—Czupryna

National

Commission meets to streamline state oversight of insurance products

The Interstate Insurance Product Regulation Compact Commission met in Washington, D.C., earlier this month to begin the process of implementing the Compact, designed to streamline state oversight of certain insurance products. Pennsylvania Insurance Commissioner Diane Koken was elected to lead the Compact during its start-up phase. The Compact has surpassed the 26-state threshold, triggering its operation. The Commission voted to implement a plan and timeline to make the Compact fully operational in early 2007.

The plan includes creating and electing an Interim Management Committee to guide Compact operations until the bylaws are adopted and a permanent Management Committee is established; launching an interim legislative committee, consumer and industry advisory committees, and a host of operational committees to recommend and coordinate critical elements of the start-up process. The Commission also adopted a pre-

liminary budget and initiated the process to put in the technical infrastructure for an electronic product filing system.

The Compact, which has been signed into law in 27 jurisdictions since March 2004, creates an Interstate Commission that provides the states with the ability to collectively use their expertise to develop uniform national product standards, affording a high level of protection to asset protection insurance products, such as life insurance, annuities, disability income and long-term care insurance. The Compact establishes a central point of filing for these insurance products, enhancing the speed and efficiency of regulatory decisions based on strong product standards and allowing companies to compete more effectively in the modern financial marketplace.

To date, New York has not enacted legislation to enter the compact. Stay tuned to PIANY publications for updates on this issue.—*Aleksejczyk*

RMS launches eastern U.S. and Canada earthquake model

Risk Management Solutions recently updated the source modeling for its Eastern U.S. and Canada earthquake models, using the current national seismic hazard maps from the U.S. Geological Survey and the Geological Survey of Canada, as well as new research into the behavior of key areas driving the risk to insured portfolios.

Using the new U.S. Earthquake Model and insured exposure as of 2006, RMS estimates that the

states east of the Rockies comprise 20 percent of the average annual loss from earthquakes in the United States. Of that 20 percent, the majority is based in the five states surrounding the New Madrid seismic zone (Missouri, Illinois, Tennessee, Kentucky and Arkansas). RMS estimates that a magnitude 7.7 New Madrid earthquake, similar to the one that occurred in December of 1811, would result in more than \$60 billion in insured losses today.—*Aleksejczyk*

NY-YIP Golf Open—new and improved—July 17

It's a new date and a new location! We're taking it to a whole new level! Be part of an event with a new level of golf, food, network and fun – one you won't want to miss. Space is limited, so sign up now. The 2006 New York Young Insurance Professionals Golf Open, sponsored by Morstan General Agency, will take place Monday, July 17 at the prestigious Seawane Club in Hewlett Harbor, N.Y.

Promote your agency or company with a

sponsorship at the all new NY-YIP Golf Open. Costs range from \$150 to sponsor a hole or tee, up to \$800 for dinner. And, as a sponsor, you can sign your foursome up at the NY-YIP member rate!

For further information, contact Terri Vierschilling at (800) 424-4244, ext. 273. A registration form for both sponsors and registrants can be obtained at www.nyyip.org/resources/golfopen_brochure.pdf.—*Verschilling*

State

NYAIP alerts producers to ChoicePoint requirements

The New York Automobile Insurance Plan has alerted its certified producers to a situation that could impact their access to the NYAIP's PASS submission system. NYAIP has been advised by ChoicePoint that all its customers must complete a supplemental Fair Credit Reporting Act form in order to maintain their MVR/CLUE accounts. If ChoicePoint does not receive a producer's completed form before July 15, 2006, it will close the producer's accounts, including

the one sponsored by the NYAIP/AIPSO. This will render the producer unable to access PASS until the requirements are met.

NYAIP advises: "If you have the form ChoicePoint mailed to you, please complete it today and fax it to the number provided on the form. If you no longer have the form, please call ChoicePoint at (866) 804-1041 to obtain your form and complete the registration requirements today."—*Aleksejczyk*

Donnellan named NYSID deputy superintendent

Susan Donnellan has been named as the New York State Insurance Department's deputy superintendent and general counsel. Donnellan had been the department's deputy general counsel since July 2000.

"Susan Donnellan has been a tremendous asset to the Insurance Department's Office of General Counsel over the past six years and I look forward to working with her in her new leadership role on legal and policy issues facing the department," Superintendent Mills stated.

As Deputy General Counsel, Donnellan provided legal and policy advice to the NYSID regarding complex regulatory, enforcement and corporate transaction matters while also being charged with day-to-day oversight of the OGC. In addition, she was instrumental in developing the department's privacy and e-commerce initiatives and played a key role in the enforcement investigations into the conduct of brokers and insurers.—*Aleksejczyk*

PIANY attends export list meeting

PIANY attended a meeting at the New York State Insurance Department that was initiated by the Excess Line Association of New York to discuss the expansion of the export list, which allows risks to be placed directly in the surplus lines market, without the requirement of obtaining three declinations from the standard market. An expansion would permit a greater number of risk classifications to be eligible automatically for excess line placement, alleviating the need to obtain declinations from authorized

insurers on risks that presently are being placed on an excess- line basis anyway. ELANY is asking the superintendent to call for a hearing on revisions to the export list. It has been 10 years since the current list was promulgated by the NYSID and the market has evolved significantly since that time. The NYSID will decide on whether to hold a hearing after receiving requested additional information from ELANY.—*Middleton*

NYSID issues PSA on fake insurance companies

The New York State Insurance Department earlier this month issued a public service announcement to major television stations in the state reminding consumers to protect themselves from being hurt by fake insurance companies. The PSAs have been distributed to major television stations statewide.

"Fake insurance companies defraud the public by collecting premiums, with no intention of paying claims," Superintendent Mills stated. "These companies often look and sound legitimate but are actually unauthorized entities attempting to sell worthless policies and plans."

The PSA is part of the "Stop, Call, Confirm"

advertising campaign developed by the National Association of Insurance Commissioners in which consumers are urged, if unsure of an insurer's legitimacy, to stop before signing any documents, and call their state insurance department to confirm whether the company issuing the policy is licensed in their state.

The NYSID provides a search engine for checking whether a company is licensed in New York, it is available by logging onto the NYSID Web site, www.ins.state.ny.us, clicking the "Consumers" icon and then linking to a database that lists all of the state's licensed entities.—*Aleksejczyk*

Trends

Impala, Avalon pass IIHS side airbag tests

The **Insurance Institute for Highway Safety** recently conducted side tests of eight large family cars. The test simulates an impact from a sport utility vehicle or a pickup truck.

Chevrolet's redesigned Impala and the Toyota Avalon earned the highest ratings in the test and Buick's Lucerne and the Hyundai Azera earned the second highest rating of acceptable. All four vehicles are equipped with standard side airbags.

The Buick LaCrosse, with standard side airbags, rated marginal, as did the Chrysler 300, equipped with optional side airbags. The 300, Ford Five Hundred and Ford Crown Victoria, all tested without their optional

side airbags, rated poor for side impact protection.

Side impacts are the second most common fatal crash type after frontal crashes. About 9,700 people were killed in side impacts in 2004. In crashes involving newer model cars in collisions with other passenger vehicles, more driver deaths now occur in cars struck in the side (51 percent) than in the front (44 percent). This contrasts with the past when more deaths occurred in frontal crashes.

Log on to the IIHS's Web site, www.iihs.org, for more information and for ratings breakdowns on most cars and models.—*Aleksejczyk*

Company

St. Paul Travelers rebrands, MLMIC asks for increase

- The **St. Paul Travelers Cos.** launched a major re-branding and ad campaign on June 12. The company uses the Travelers name alone ("the most familiar of our brands") to market virtually all lines of insurance in the U.S., including commercial and specialty products. Agents are being told to look for "a high-profile ad campaign" dubbed "Insurance. In-Synch."

- New York's largest medical malpractice insurer, **Medical Liability Mutual Insurance Co.**, reportedly has requested a 24 percent rate increase for doctors (all specialties) at renewal time this summer. The insurer is also seeking big hikes for midwives.

- The New Jersey and New York Port Authorities, along with World Trade Center developer Larry Silverstein, sued the World Trade Center's insurers to force them to pay on the that were buildings destroyed in the Sept. 11, 2001, attacks. Some of the insurers have suggested they might not make future payments owed for redevelopment because the original plan has been changed. The insurance companies named in the suit include **St. Paul Travelers Cos. Inc.**, **Zurich American Insurance Co.** and **Allianz A.G.**

- A survey conducted by the Customer Respect Group reveals that **Liberty Mutual Insurance Group's** Web site ranked first among consumers, but the insurance industry as a whole came in last when

compared to 11 other industries. **American International Group Inc.** and **Progressive Corp.** tied for second; **AFLAC** and **Geico** tied for fourth and **Kaiser Permanente** ranked fifth.

- The latest chapter in the ongoing saga between Starr International Co. and American International Group has found Starr filing a lawsuit against AIG, accusing the insurer of mismanagement in the way it handled a settlement with regulators. Starr, AIG's largest shareholder, claims the February settlement with multiple attorneys general may have cost Starr "tens and perhaps hundreds of millions of dollars."

- **Allstate Insurance Co.** says it is dropping earthquake coverage from nearly 400,000 customers nationwide in an effort to reduce exposure to catastrophic losses. Four states, including Connecticut, require the company to offer earthquake insurance, but the company is talking to regulators. The company will continue to renew coverage in New Hampshire, New York and Pennsylvania.

- **Fireman's Fund Insurance Co.** launched a Surface Water and Flood endorsement to its Prestige Home Premier policy. Fireman's Fund is one of the few private insurers offering flood coverage to new and existing customers. The coverage includes \$100,000 for flood damage to any combination of the

(Continued on page 11.)

Company (Continued)

St. Paul Travelers rebrands, Liberty Mutual breaks ground in Dover

(Continued from page 10.)

following: underground structures and equipment, such as wells and septic tanks; walkways, decks, driveways and patios; fences, retaining walls, seawalls, piers, bridges and docks; and hot tubs, spas and swimming pools.

- **Lloyd's America** said it believes the vast majority of natural perils are insurable, including hurricanes, provided private industry factors in the threat of global warming and the growing cost of weather-related catastrophes. Lloyd's developed Realistic Disaster Scenarios, which include new, tougher hurricane events that stress test the market for industry losses up to \$100 billion.

- According to an article recently published by **Standard & Poor's Ratings Services**, many commercial insurers are generating exceptional earnings at the midpoint of 2006. The article, "U.S. Commercial Lines Midyear 2006 Outlook: Sector Enjoying Exceptional Earnings," says the companies' balance sheets are in the best shape since the late 1990s, when the in-

A.M. Best ratings roundup

- **A.M. Best Co.** downgraded the financial strength ratings to B (Fair) from B++ (Very Good) for the insurance/reinsurance subsidiaries of **Quanta Capital Holdings Ltd.** (Bermuda). All ratings were assigned a negative outlook. Subsequently, all ratings of Quanta will be withdrawn and the FSRs will be assigned a rating of NR-4 (Not Rated—Company Request) in response to management's request that Quanta be removed from A.M. Best's interactive rating process.

- A.M. Best Co. commented that the ratings of **Swiss Re Group** remain under review with negative implications, following the announcement that Swiss Re has finalized the acquisition of **GE Insurance Solutions**, including **Employers Re**, in a deal that creates the world's largest reinsurer. Swiss Re announced it completed the purchase for \$7.4 billion.

- A.M. Best Co. downgraded the financial strength rating to B (Fair) from B+ (Very Good) for **Family Life Insurance Co.** and the FSR to B- (Fair) from B (Fair) for **Investors Life Insurance Co. of North America**. These life insurers are wholly owned subsidiaries of **Financial Industries Corp.** All are located in Austin, Texas. The outlook for these

industry had its last pricing downturn. Standard & Poor's is maintaining its stable outlook on the domestic commercial insurance segment for the rest of the year.

- **The Hartford Financial Services Group Inc.** named Juan C. Andrade executive vice president and head of the Property and Casualty Operations' claims organization. Andrade will replace Calvin Hudson, who is retiring after a 33-year career with The Hartford.

- **Harleysville Insurance** named William F. Page as vice president of operations and services; Stephen J. Byrne as assistant vice president and chief architect; and John Philip as assistant vice president of agency and field automation.

- **Swiss Re** appointed Roger W. Ferguson Jr., as chairman of **Swiss Re America Holding Corp.** and member of Swiss Re's executive board. He is succeeding Jacques Dubois, who will retire by the end of 2006.—*Aleksejczyk, Nash*

ratings is negative.

- A.M. Best Co. downgraded the financial strength rating to B- (Fair) from B (Fair) of **American Underwriters Life Insurance Co.** (Phoenix, Ariz.). The outlook for this rating is negative. Concurrently, A.M. Best has affirmed the FSR of B (Fair) for AUL's subsidiary, **Casualty Underwriters Insurance Co.** (Murray, Utah). The outlook for this rating has been revised to negative from stable.

- A.M. Best Co. downgraded the financial strength rating to A- (Excellent) from A (Excellent) of **Folksamerica Reinsurance Co.** (N.Y.). The company is a member of **White Mountains Insurance Group Ltd.** The rating has been placed under review with negative implications. These actions follow White Mountains' announcement that Folksamerica Re has increased its gross loss estimates for hurricanes Katrina, Rita and Wilma by \$203 million, net of reinstatement premiums; \$143 million of the loss is ceded to the company's Bermuda-based sidecar reinsurer, **Olympus Reinsurance Co. Ltd.** As stated in the White Mountains' announcement, this most recent cession from Folksamerica Re has eroded the bulk of Olympus' capital.—*Aleksejczyk*

PIANY Calendar of Events

August

Aug. 1—Poughkeepsie

- **Sparkle Brothers (a case study relating to both personal & commercial lines)**

NYCE: 3 BR, C3, PC, PA

Aug. 1—Poughkeepsie

- **Understanding the Claim Process**

NYCE: 4 PC, BR, C3, PA

Aug. 2-3—Plainview

- **Long Island CE Expo 2006:**

Brokers, this is your chance to earn up to 16 NYCE credits over a two-day period! Save with package rates.

Courses include:

- **E&O in the Modern Agency**

^FF ^UM

- **Human Resources**
- **Understanding the Claim Process**

- **Agency Operations II** *^FF ^UM*

September

Sept. 12—Cheektowaga

- **AIP Producer Procedures Course**

NYCE: 5 PC, BR, C3, PA

Sept. 13—Syracuse

- **AIP Producer Procedures Course**

NYCE: 5 PC, BR, C3, PA

Sept. 13—Elmsford

- **CISR PR: Insuring Personal Residential Property**

NYCE: 8 (or 9 w/passing exam)
PC, BR, C3, PA

Sept. 13—Plainview

- **CISR PR: Insuring Personal Residential Property**

NYCE: 8 (or 9 w/passing exam)
PC, BR, C3, PA

All CE courses are approved for NYCE credit through Nov. 30, 2007. To register for a PIANY Education event (NYPO-100002), logon to the PIANY Web site and key EC10028 into the Quick-Link box. Or, call the **Education** Department at (800) 424-4244. *^FF ^UM - Denotes this course has been approved for E&O loss prevention credit by Fireman's Fund and Utica Mutual.*

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