



**STATEMENT RE:**

**House Bill No. 1769**

*“An Act relative to insurance records required for market conduct purposes.”*

**TO:**

House Commerce Committee

**BY:**

Professional Insurance Agents

Of New Hampshire

**ON:**

February 14, 2006

The Professional Insurance Agents of New Hampshire, Inc. (PIANH), an association of independent insurance agents throughout the state and their employees, urges this committee to support House Bill No. 1769. The bill will add an important protection for insurance producers to New Hampshire’s statutes.

Record retention issues traditionally have been matters of contractual agreement between insurance companies and insurance producers for years. Although companies and producers each have had a variety of reasons to keep certain records for periods of time, including being subject to market conduct examinations by the Insurance Department, there were inconsistencies in the precise amounts of time such records had to be kept. Legislation enacted in 2005 established a minimum amount of time for record retention, but insurers can, and often do, contractually require producers to keep records for periods of time longer than the statutory minimum.

Perhaps this trend is perpetuated by the significant disparity in bargaining power between insurance producers and insurance companies. If a producer wants to become an appointed agent of an insurance company, the producer is often required to agree to the company’s terms, including record retention requirements, with no room for negotiation.

Even when a producer's obligations only mirror the statutory minimums, producers and companies will often maintain some of the same documents. As opposed to a producer, however, an insurance company is in a better position, both economically and administratively, to maintain the records that it produces. Nonetheless, if producers are required to keep records other than those they create, the language proposed by this bill will clarify that the ultimate responsibility for the records lies with the insurance companies.

Given the lack of specifics in the statutes regarding precisely what documents a producer must maintain, House Bill 1769 will add a measure of certainty to the record retention process that will benefit consumers in need of documents relating to their insurance coverages. Further, this proposed amendment will not interfere with the contractual agreements between insurance companies and their producers.

It is important to note that this bill does not seek to eliminate producers' record retention obligations altogether. Rather, it simply seeks to level the playing field in situations where insurance companies require producers to maintain documents that the companies should be expected to maintain. This bill presents an equitable compromise between insurance producers and insurance companies. For all the above reasons, the Professional Insurance Agents of New Hampshire urge this committee to support House Bill 1769.