



Independent Insurance Agents



Brokers of America, Inc.



IIABA Policy Regarding Insurance Company Disclosure of Producer Compensation

Adopted September 9, 2005

IIABA recognizes that insurance agents, brokers, and companies make independent decisions about whether and how to provide disclosures regarding producer compensation. Some insurers have considered or established contractual disclosure obligations for their producers that go beyond applicable laws or regulations. IIABA opposes, in all instances, any actions by insurers to impose producer compensation disclosure mandates on independent agents and brokers. While IIABA believes every industry participant should take all necessary steps to comply with its own legal obligations, disparate and conflicting company requirements would disrupt the efficient work flows and business operations of insurance agencies and brokerage firms.

IIABA believes insurers should make disclosures regarding producer compensation only when and in a manner required by applicable laws and regulations. However, if an insurer believes it has a legal need to disclose to consumers that it compensates the sales force distributing its products, the insurer is urged to consult with IIABA, its state associations, and independent agents selling its products before implementing any such disclosure and to make the basic disclosure on its own (e.g., on or by notice with the policy). Any such disclosure that an insurer chooses to make should notify the insurance purchaser that: 1) the insurance policy was placed by an independent insurance agent or broker, not an employee of the company; 2) the company believes it is efficient and effective to distribute its policies through independent insurance agents and brokers; 3) the agent or broker placing the policy with the company may receive commission for that placement; 4) if applicable, the agent or broker may be eligible to receive additional incentives; and 5) any questions about the nature of the compensation should be directed to the agent or broker.
