

From: Jim Fletcher - 421
Phil Jackson will oppose

Sen. Seiber

VOTE YES on SB 1688 - The Informed Insurance Choice Bill
Sponsored by Sen. Don Harmon (D-39)

Consumers deserve to know exactly what they're paying for when buying insurance for their home, their business and their families.

- It is a well-known practice within the insurance industry that independent agents and brokers receive legal and proper payments from insurance carriers for placing customers' policies. However, many customers are unaware that these transactions between brokers and insurance companies take place.
- Often consumers do not even know the names of the insurance carriers their broker has solicited competitive quotes from, or how many companies were approached.
- In the absence of such basic transparency, Illinois consumers can't compare and evaluate the insurance quotes they receive and understand how their brokers are compensated and what the broker's incentives are. The bottom line is consumers can't make an informed, apples-to-apples comparison of their coverage options.

The Informed Insurance Choice Bill would require all independent agents and brokers in Illinois to disclose to their customers in an easy-to-read format:

- 1) A list of insurance companies who bid on the business;
- 2) How much compensation the broker or agent expects to receive for placing each policy and where it comes from; and
- 3) An annual report of how much compensation the broker or agent actually received from the selected insurer.
- 4) Brokers or agents must also confirm in writing that their clients understand how much the broker/agent will be paid for his or her services.

This Informed Insurance Choice Bill will help ensure that independent agents and brokers are acting in the customer's best interest.

- Increased transparency is becoming the norm in all areas of business, from health care to consumer loans. Insurance should not be any different.
- For example, Illinois real estate agents and brokers are required to disclose to prospective buyers and sellers all sources of compensation related to the transaction they receive from a third party.

The Informed Insurance Choice Bill does not ban so-called "contingent commissions."

- This bill does not seek to ban contingent commissions, which are legal. What this bill will do is make consumers aware of their broker's total compensation, including its sources, so they can better evaluate the advice they receive in deciding what policy is best for them.

Supported by: AON

by: ILLINOIS STATE CHAMBER OF COMMERCE