

## [Proposed New York insurance regulation would require mandatory disclosures to purchasers](#)

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On September 10, 2009, the [New York Insurance Department](#) (NYID) announced that it had sent the long anticipated [Producer Compensation Transparency Regulation](#) (the Proposed Regulation) to the [Governor's Office of Regulatory Reform](#) (GORR) for review. Following GORR approval, the Proposed Regulation will be published in the [New York Register](#) and will be subject to a forty-five day period of public comment. After reviewing any comments received during such public comment period, the NYID may adopt, revise or withdraw the Proposed Regulation.

Assuming the current form of the Proposed Regulation becomes effective, it would require insurance producers selling or renewing an insurance contract in New York to make certain mandatory disclosures to purchasers regarding the compensation the producer will receive related to the sale of the insurance. Such disclosures are required to be provided to the purchaser no later than the time the application for insurance is submitted.

More notable among the various required disclosure items are the following:

- The producer must disclose to the purchaser that the purchaser has the right to obtain information about the compensation expected to be received by the producer for the sale and for any alternative quotes obtained by the producer by requesting this information from the producer.
- If the purchaser, in fact, requests more information regarding the producer's compensation, the producer is required to provide, among other mandatory disclosures, a description of any alternative quotes obtained by the producer, including the coverage, premium and compensation that the insurance producer or any parent, subsidiary or affiliate would have received based, in whole or in part, upon any such alternative quotes.

In addition, the Proposed Regulation would require that insurance producers maintain records evidencing that they have provided the disclosures required by the regulation for a period of three years subsequent to the date of such disclosures.

In anticipation of the likely adoption of the Proposed Regulation, insurance producers may wish to begin developing a compliance process, including the preparation of disclosure forms, which is designed to satisfy the regulation's requirements.

If you have any questions regarding the Proposed Regulation, please contact [Dennis C. Quinn](#) at (212) 655-3878 or [dquinn@bargerwolen.com](mailto:dquinn@bargerwolen.com).