

[Role of Producers Spurs Agreement Between Commissioner, Industry Advocate](#)

Insurance News Net

In what marked an unusual moment of agreement between an insurance regulator and an insurance representative during a National Association of Insurance Commissioners meeting, Oklahoma Insurance Commissioner John Doak and Dave Snyder of the American Insurance Association both said producers play a valuable role in educating consumers about what their homeowners policies will cover. Those comments came during a session of the NAIC's spring meeting in New Orleans that focused on transparency and readability of consumer information.

Doak, a former insurance agent himself, said, "The front line of consumer protection is a licensed agent or broker. They are very, very critical to what we do as an industry."

Snyder, who serves as AIA vice president and associate general counsel, agreed, saying licensed producers are essential to helping consumers understand the risks they may face and what options they have to cover those risks. "Insurance companies and consumers have a shared desire to provide the kind of coverage that consumers need so the financial aspects of a loss can be minimized," Snyder said.

Despite that agreement, several consumer representatives said the information provided by producers may not be enough to ensure consumers know what they are getting into when they buy a policy. Sonja Larkin-Thorne, an NAIC consumer representative, said insurance policies are difficult for the average consumer to read because beyond the initial declaration of what the policy is designed to do, the contract transitions into legalese.

"The real question becomes should consumers hire lawyers to handle their insurance transactions? If the average consumer can't understand anything beyond the declaration page, how can he or she make an informed decision on what they purchase?" Larkin-Thorne said. "These aren't your parents' policies any more."

Larkin-Thorne said it has become less common for an agent to sit down with a consumer and inform him or her about the replacement value of their home. "Consumers need to understand their home," Larkin-Thorne said. "They need to understand what type of house they have. If they don't get it right going in

the door, the end result will be a claim that will be a concern to them or a payout that is less than what they need.” She added that problems with claims processing and handling are among the top complaints reported by consumers.

Amy Bach, executive director of United Policyholders, said insurance regulators could play a larger role in educating consumers about their policies. She said regulators should view catastrophes as an opportunity to educate consumers. “The period after a disaster is a great time for education because people are paying attention. There are always going to be stories in the press about the shortfalls that could affect consumers.”

But Bach cautioned regulators to go about those education efforts in a way that will not overwhelm consumers. “It’s an important to remember to talk plainly and help people focus on what matters.” The question of how policy information should be presented to consumers is one that routinely draws sharp disagreements between industry advocates and consumer representatives. During the NAIC’s last meeting in National Harbor, Md., industry representatives debated two law professors who argued personal lines policies should be posted online where they would be readily available to consumers who wanted to look at them prior to signing onto them. Spokesmen for AIA and the National Association of Mutual Insurance Companies argued that while the idea may sound good, it could make the process more confusing for consumers Best’s News Service, Nov. 4, 2011).