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NEW PIANJ PRESIDENT AUERBACH LISTS CHALLENGES, SETS ASSOCIATION GOALS

ATLANTIC CITY, N.J.— “There are several current-day realities we as professional insurance agents must confront,” said Kenneth Auerbach, Esq., newly elected president of Professional Insurance Agents of New Jersey Inc., and director of operations and general counsel of E&K Insurance Agency Inc. in Eatontown. “They are trial lawyers, disintermediation and banks.” Auerbach made his remarks at PIANJ’s annual business conference at the Tropicana Casino & Resort in Atlantic City.

Auerbach, an attorney himself, explained why trial lawyers are a reality to confront. “Trial lawyers, as well as other professionals, clearly are our opponents on some auto and tort reform issues.” PIA has had some victories increasing the availability of personal auto insurance for consumers. “Our job going forward is to remain vigilant against those that would use the courts to chip away at the reforms put in place two years ago and to continue to advance meaningful tort reform,” he said.

The next challenge PIA faces is disintermediation. “It’s a relatively new word and something that is here to stay,” said Auerbach. “It means ‘removing the middleman.’ Today the term is a popular buzzword used to describe many Internet-based businesses that sell products or services directly to customers rather than through traditional channels. Eliminate the middle man and you get your product cheaper and faster.

“Disintermediation is only a threat if we are just benign intermediators. And if you are a benign intermediary, you shouldn’t be in this room. This room is filled with value-adding professionals. It is filled with solution finders. It is filled with problem solvers. As professional insurance agents, we have the opportunity to distinguish ourselves in the eyes of our clients with valuable advice and counsel,” he said. Given that scenario, said Auerbach, it’s more likely those in danger of becoming generic and indistinguishable in the eyes of the consumer are the carriers, not professional agents. “It’s likely professional agents will be the ones to use the Internet to compare and contrast insurance plans of many, many carriers on behalf of their clients. As professional agents we need to challenge disintermediation.

“‘Bank,’ the next challenge, is more than a four-letter word. As a trade association, PIA is concerned with some of the trade practices engaged in by banks and some of their carrier partners,” he said. “We will fight bank practices which we believe are illegal, be it rebating, unlicensed insurance sales or tie-in sales that extort from the consumer.

“We will be speaking with banks, with carriers and, most important, our agent members to determine if there are issues on which we can work together with banks or if our goals are too divergent to permit a meaningful partnership,” Auerbach said. “One thing I can tell you with certainty is that PIA will vigorously protect the interests of the professional, independent agent. In doing so, we will stand with the consumer.”

In the coming months, Auerbach said, agents could expect PIA to close the book on attempts to establish take-all-comers of coastal homeowner insurance. He said PIA would win its fight because it has established take-all-comers as anti-consumer. And he said PIA would win the dispute with professional employer organizations, "because we have established that it is anti-consumer to permit unskilled, unlicensed individuals to sell insurance products to New Jersey businesses and their employees."

Programs members will see from PIANJ during Auerbach's tenure include: customized education events; increasingly sophisticated services arising from the Advantage membership program; more regional meetings to at which to network and offer input on PIANJ's direction; and a technology review program that will serve as a guidebook to selecting information technology professionals.

He recognized PIA's accomplishment such as E&O and benefits programs; producer immunity built into the auto insurance reform laws; a producer termination law unique in the nation; and a consistently powerful voice in Trenton.

While Auerbach agreed it would be nice to return to a time before the current challenges of auto insurance and tort reform, disintermediation and banks, he reminded members, "Yesterday is not ours to recover, but tomorrow is ours to win or lose."

PIANJ is a trade association representing professional, independent insurance agencies and their employees throughout the state.