

CAR close to ruling on bank-owned agency appointments

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BOSTON — The Ad Hoc Legal Committee for Commercial Automobile Reinsurers will make a recommendation to the Governing Committee that could clarify the rules for bank-operated insurance agencies.

After TSB Thibodeau Insurance Agency, a subsidiary of The Savings Bank in Wakefield, Mass., found out it was going to lose its voluntary carrier when Casco Indemnity Co. leaves the state early next year, the agency complained that it should be CAR's responsibility to appoint a servicing carrier.

Some agents protested Thibodeau's requests because the banks had been seeking exemptions for their agencies from certain regulations to which regular insurance agencies are held.

CAR's Ad Hoc Legal Committee concluded that there is nothing in the statutes that says CAR should not appoint a servicing carrier for any insurance company seeking one, even if the company is bank-run, but all insurance companies bank-owned or not, should be held to the same standards.

The Governing Committee will discuss the matter next month.

"It would be unusual, in my opinion, for the Governing Committee not to rule in accordance with the findings of the Ad Hoc Legal Committee," said David Bakst, the attorney from the Boston-based firm of Morrison, Mahoney and Miller who represented Thibodeau.

Meanwhile, after being formally rejected by six carriers, Thibodeau is in the middle of discussions about a voluntary market appointment contract with a Quincy, Mass.-based insurer. Brian McCoubrey, president of The Savings Bank, declined to name the company until papers are signed, which, he said, could happen this week. □