

PIA National & the Comeback of Eliot Spitzer

Weekly Industry News ran a story last week about the political comeback attempt of former New York Governor and Attorney General Eliot Spitzer. As most of you remember, Spitzer resigned in disgrace as the result of a prostitution scandal. Spitzer — as we informed you last week — is running for New York City Comptroller.



Eliot Spitzer & then wife Silda at his resignation announcement

PIA National responded to the Spitzer decision with its own analysis of his career and why Spitzer has not been kind to the independent insurance agents and company members of this association.

In explaining his rather hasty exit from the governorship of New York in 2008 and his many dalliances with prostitutes, Spitzer said “urges” are to blame. He was not prosecuted because officials found no evidence of misuse of public funds. They concluded prosecution would not be a good use of public funds.

There is some irony in Spitzer’s attempted comeback. In an odd twist, one candidate the ex-governor will face is Kristin Davis. She’s the ex-madam who says she supplied him with hookers.

Davis is running as a Libertarian.

PIA National laid out the history of Spitzer’s attack on the industry. Beginning in late 2004, Spitzer — who was then the state attorney general — investigated allegations of bid-rigging and client-steering against a handful of insurers and mega-brokers including Marsh & McLennan, Willis, Aon and others. Later — with a few of his fellow attorneys general — Spitzer negotiated supposedly “voluntary” settlement agreements.

In the agreements the firms paid huge fines but did not have to admit to wrongdoing.

While professional independent insurance agents were never suspected of any wrongdoing, Spitzer and his allies tried to tarnish Main Street agents with a broad brush. He attempted to use the “voluntary” settlements to bring about an industry-wide ban on contingent commissions. That includes those received by PIA members.

In short, Spitzer wanted Main Street agents to be punished for the suspected wrongdoing of others, when Main Street agents did nothing wrong.

PIA battled this unfair assault led by Spitzer and his cohorts for the better part of a decade. We took legal action in 2006 to defend PIA members from the onslaught.

CLICK THIS LINK TO SEE CASE INFO: <http://pianet.com/docs/2006/cdd9e3a7031f6478fa86d89c80da718c.pdf>

In the end, the courts agreed with us. A ruling was issued that contingent commissions are ethical, not illegal, and not a breach of fiduciary responsibility. PIA National also conducted a major public relations campaign and won in the court of public opinion.

If you would like to peruse the entire history of PIA's battles with Eliot Spitzer, click on this link: <http://pianet.com/issues-of-focus/compensation/all>. It will take you to PIA's complete files, detailing almost 10 years of our fighting — ultimately, successfully — to protect the good name and reputation of all PIA members.