

# PRESS RELEASE

**JANET NAPOLITANO**  
GOVERNOR



**CHRISTINA URIAS**  
DIRECTOR

## ARIZONA DEPARTMENT OF INSURANCE

2910 North 44th Street, Suite 210, Phoenix, Arizona 85018-7256 · (602) 912-8456 · FAX: (602) 912-8452  
[www.state.az.us/id](http://www.state.az.us/id)

**Media Contact: Erin Klug**  
**Public Information Officer**  
**(602) 912-8456**

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### **Arizona Insurance Director Reviews Alleged Broker and Insurer Bid-Rigging Practices**

PHOENIX, AZ - The Director of the Arizona Department of Insurance, Christina Urias, is joining insurance regulators in other states to review allegations of bid-rigging and price-fixing between insurance brokers and insurance companies. Allegations were initially raised by New York Attorney General, Eliot Spitzer, who recently filed a lawsuit against Marsh & McLennan Companies, Inc., and its subsidiary, Marsh, Inc., one of the largest insurance brokers in the world, alleging fraudulent business practices and anti-trust violations arising from improper use of "contingent commissions" on commercial insurance sales.

Although "contingent commissions" rewarding brokers for placing profitable business with insurers have been in use for many years, the current inquiry stems from lack of disclosure and alleged abuse. Regulators are reviewing charges that insurance brokers steered business to favored insurance companies through use of false bids and other improper bid-rigging tactics, in order to take advantage of "contingent commissions" paid by the favored insurers to brokers on those sales. If true, these illegal practices could increase insurance costs for all businesses nationwide.

"We need to hear from Arizona businesses who have reason to believe they may have been the victim of bid-rigging or price fixing by an insurance broker," said Arizona Insurance Director, Christina Urias. "I encourage risk managers to review their insurance procurement documents and other quoting records to evaluate the possibility of fraudulent or improper practices and contact the Department's Investigation Unit."

In light of the scope and seriousness of these recent allegations, the ADOI is coordinating efforts with the Arizona Attorney General's Office and with the National Association of Insurance Commissioners (NAIC) to obtain and uniformly centralize data from insurers and brokers on this issue to ensure a coordinated effort for the protection of insurance consumers in Arizona and across the country. At this point, the allegations only involve commercial property and casualty insurance, but ADOI encourages every insurance consumer to be alert to any such questionable practices and report their concerns to the Department.

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