

Vermont Insurance Division

BULLETIN 80: Insurance Trade Practices, Boycott, Coercion & Intimidation

September 11, 1986

The Department has received several inquiries and related information that certain multi-line companies are increasing market share of various lines of insurance, e.g., homeowners business, in agencies representing them by exercising leverage on the agency regarding their willingness to otherwise write commercial or personal automobile lines. Such tying or alleged coercive practices can clearly be a violation of 8 V.S.A., Section 4724(4) under which the marketing and sale of any insurance contracts by act of boycott, coercion or intimidation is an unfair method of competition. Such practices can tend to result in unreasonable restraint of trade, or monopoly in, the business of insurance.

The Department will be investigating complaints of this nature especially when we receive multiple complaints about an individual or a company. In the event further investigation results in a determination that a person is engaging in any such unfair competition, we may suspend or revoke (in addition to fines) that person's or corporation's license. You should be aware that the law also provides for criminal penalties. All marketing and sale of any insurance contracts should comply with the requirements of Vermont's laws.

Thomas P. Menson

COMMISSIONER OF BANKING AND INSURANCE