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CONSUMER ALERT

PROTECT YOURSELF: AVOID DECEPTIVE SALES PRACTICES

You buy insurance to protect yourself or your loved ones financially from illness, automobile accidents, house fires or death. However, if you become the victim of deceptive sales practices and the insurance you buy isn't legitimate, you have not only wasted the money you paid for premiums, but could face hundreds or thousands of dollars in unpaid claims. Here are some tips from the National Association of Insurance Commissioners (NAIC) to protect yourself from becoming a victim of deceptive insurance sales practices.

1. What are Deceptive Sales Practices?

Inappropriate sales practices, or the deliberate deception of a consumer, can occur in any line of insurance, including auto, homeowners, health, life, worker's compensation and medical malpractice. Companies or agencies may sell illegal products or policies through direct-mail solicitations, newspaper or magazine advertisements or over the Internet. Anyone can be a victim of deceptive sales practices. But, with a few measures, you can protect yourself.

2. Verify the Company and Agent

In order to sell insurance in your state, companies and agents must be licensed. To confirm the credibility of a company or agent, contact your state insurance department, and ask the following questions:

- Is the company licensed in your state?
- Is the company licensed to sell the line of insurance you are interested in purchasing?
- Is the agent licensed in your state and a legitimate representative of the company?
- Does the company have a good record of handling complaints?
- Have any complaints been filed against the agent?

3. Check Their Credit Rating

Legitimate insurers have their "creditworthiness" rated by independent agencies such as Standard & Poor's, A.M. Best Co. or Moody's Investors Services. An "A+++" or "AAA" rating is a sign of a company's strong financial stability. You can check a company's rating online or at your local library.

4. The Proof is in the Paperwork

As you complete your research and decide to purchase a particular policy, it's important to keep detailed records. Get all rate quotes and key information in writing. Also, once you've de-

ecided to make a purchase, keep a copy of all paperwork you complete and sign, as well as any correspondence, special offers and payment receipts.

Please note: You should receive a copy — not a photocopy — of your new policy within 30 to 60 days of purchase. If you do not receive your copy, contact the insurance company or agent immediately.

5. Insurance "Red Flags"

Watch for these "red flags" that could warn you of possible deceptive sales practices:

- *High-pressure sales pitch.* If a particular group or agent has contacted you repeatedly, offering a "limited-time" offer that makes you uncomfortable or aggravated, trust your instincts and steer clear.
- *Quick-change tactics.* Skilled scam artists will try to prey on your "time fears." They may try to convince you to change coverage quickly without giving you the opportunity to do adequate research.
- *Unwilling or unable to prove credibility.* A licensed agent will be more than willing to show adequate credentials.
- If it seems too good to be true, it probably is!

6. Get More Information

Your state insurance department is your best source for information on company and agent requirements, as well as available products. If you suspect you've been a victim of deceptive sales practices, report it to your state insurance department. You can link to your state insurance department's Web site by visiting www.naic.org. Click on "State Insurance Web Sites," then click on your state.

The National Association of Insurance Commissioners is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and four U.S. territories. The overriding objectives of state regulators are to protect consumers and help maintain the financial stability of the insurance industry. If you would like more information, please contact the NAIC Communications Department at (816) 842-3600 or send e-mail to communications@naic.org.