



Texas Department of Insurance

Consumer Protection – Public Education, Mail Code 111-1A
333 Guadalupe • P. O. Box 149091, Austin, Texas 78714-9091
Consumer Help Line: **1-800-252-3439** • Visit our website: www.tdi.state.tx.us

CONSUMER ALERT

Seniors Urged to Be Careful with Personal Information

The Texas Department of Insurance (TDI) is advising seniors to be cautious before handing over personal information to anyone selling unsolicited life insurance policies or annuity products.

TDI has recently been informed of suspicious sales practices occurring throughout the United States involving insurance agents obtaining personal, financial, and medical information from seniors. In these cases, agents obtain the information by asking seniors to complete studies or surveys or by asking nursing home personnel to gather the information on their behalf.

Agents and companies are likely either using the personal information to sell seniors an annuity product or selling the information to entities involved with zero premium life insurance arrangements. People or legal entities involved with zero premium life insurance arrangements purchase a life insurance policy on another person and pay the premiums to receive the majority of death benefits. In exchange, the consumer typically receives a lump sum payment or opts to have their beneficiaries receive a portion of the death benefit.

Seniors are often targeted for insurance products because they are more likely than others to feel they need the coverages, and many worry that they'll become a burden to family if they don't have enough insurance. Seniors considering purchasing coverage should take precautions, including being wary of agents who

- **Contact you unsolicited.** Not all agents who contact you are dishonest, but it is a good idea to be cautious.
- **Use high-pressure tactics.** Common tactics include offering a “last chance deal” or appealing to your sympathy or emotions. Any decision to buy insurance should be made rationally and be based on a sound assessment of your financial needs.
- **Urge you to cash in an existing annuity or life insurance policy to buy a new annuity, life insurance policy, or other investment.** Generally, annuities and life insurance are worth more the longer you keep them. Changing to a new annuity or policy can often cause you to lose money over the first three to five years.
- **Claim to be from Medicare, Social Security, or another government agency.** The government does not sell insurance. An agent or broker who claims to be associated with the government is breaking the law.

In addition, TDI offers the following tips to seniors buying insurance products:

- **Carefully consider your need for life insurance or an annuity.** Older people whose children are grown and independent are less likely to need life insurance. A well-planned savings program can decrease a family's need for life insurance as wage earners near retirement age. If you are already retired, an annuity is probably not a good option, as it can take many years for the contract to become profitable. Annuities are generally best used to provide for retirement when purchased at least five to 10 years before you retire.
- **Get quotes from several companies.** Each insurance company uses its own underwriting guidelines. One company may sell you a policy at a substantially lower premium than another may.
- **Verify that the agent and company are licensed.** Agents and companies must be licensed in Texas to sell insurance. To verify a license, visit the TDI website at www.tdi.state.tx.us or call the *Consumer Help Line* at **1-800-252-3439**.
- **Take your time to consider.** It's probably not a good idea to purchase a policy on the first visit with an agent. Take all the time you need to make a decision. If you feel you are being pressured to make a decision quickly, go elsewhere.
- **Ask for advice.** If you need help choosing a policy, have a friend or family member visit the agent with you. The agent shouldn't object. Also, consider seeking advice from an accountant, attorney, or financial adviser.
- **Buy the policy that's right for you.** The more a policy costs, the more an agent or broker typically earns as a commission. When shopping for life insurance, keep in mind that the policy that's best for your agent or broker might not be the best for your insurance needs.
- **Use your "free-look" period.** Most life insurance policies and annuities will provide you with a 10-day "free look" period during which time you can cancel the contract for any reason and receive a full refund. If you are replacing your life insurance policy or annuity contract, you have a 30-day "free look" period. Use this time to reread the contract and make sure it meets your financial needs.

For More Information or Assistance

For answers to general insurance questions, call the *Consumer Help Line* at **1-800-252-3439**.

TDI publishes two publications – [Understanding Annuities](#) and [Understanding Life Insurance](#) – to help consumers understand annuities and life insurance. For printed copies of these or other consumer publications, call the 24-hour *Publications Order Line* at **1-800-599-SHOP (7467)**.

Also read the previous Consumer Alert addressing [Stranger-Owned Life Insurance: Zero Premium Life Insurance and New Issue Settlements](#) on our website.