

Military Personnel:

Deceptive and misleading life insurance sales practices

It has come to the attention of the Kentucky Department of Insurance that there are disreputable agents selling life insurance products to military personnel using deceptive and misleading sales practices. These agents are specifically targeting young soldiers and recruits who may not understand or be able to afford the coverage. Federal and state laws prohibit the use of misleading and deceptive sales tactics under the *Unfair and Deceptive Trade Practices (UDAP)* and the *Unfair Insurance Practices (UNIP)* acts.



The primary purpose of life insurance is to provide a death benefit for whomever you designate as your beneficiary. Life insurance should not be sold as an investment. Unfortunately there have been reports of dishonest agents in today's market who are misrepresenting the life insurance product they are selling. Some of these agents may be posing as financial counselors or advisors pertaining to veterans' benefits.

Media reports indicate that these agents have been soliciting soldiers while on duty or in their barracks, which violates the U.S. Department of Defense regulations. In order to make the sale, some agents have been presenting their products, often in a classroom environment, as a type of savings or investment plan when in reality it's a life insurance policy. Some agents also have misled their clients by not informing or explaining thoroughly the limitations of liability that apply to the policy per **KRS 304.15-260**. For example, the policy may include exclusions if death is a result of war or the action of a military force. In addition, recent reports have found there are agents urging the consumer to replace their current insurance policies with new or upgraded ones, which may or may not benefit the policyholders. Be cautious when making changes to any insurance policy. Any concerns you may have about your policy should be directed to the Kentucky Department of Insurance.

Life insurance can be one of the most important financial purchases a person will make in his/her lifetime. Take the time to review your policy carefully and be aware that every policy has a specific time frame to accomplish the review. This "free look period" can be found on the cover page of the policy. If you are unsure about anything in the contract, ask your agent to go over any questions you may have. It would also be wise to check out the agent and the company's financial history before you buy.

If you have access to the Internet, please visit our website at <http://insurance.ky.gov/>. From our home page, you can perform a search on any licensed agent or company doing business in the state of Kentucky. In addition to specific details about an agent or company, online searches can also provide complaint ratios and other information to assist you in making an informed decision.

If you feel you have been a victim of these types of sales tactics, or if you have specific questions or concerns about this issue, please contact the Kentucky Department of Insurance at 800-595-6053 (in KY) or 502-564-3630 (out of state) for further assistance.



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