

# Ten Dishonest Tricks of Unethical Agents

by Lance D. Reedy

## Introduction

Regarding Medicare supplemental insurance, I have had literally thousands of conversations with people about this subject. After seeing many common recurring mistakes that Medicare supplement shoppers have made in regards to their selection of a Medicare supplement, I wrote the *Ten Medicare Supplement Shopping Mistakes*. The *Ten Dishonest Tricks* is a sequel. A rudimentary understanding of the *Ten Mistakes* is helpful but not required, as I'll review some of those mistakes in this article as I comment on the *Ten Dishonest Tricks*.

In this document I will repeat some of the sales propaganda that “*less than fully honest*”\* agents say to prospective customers when pitching their plans.

\* “*Less than fully honest*” can run a span from being a decent person who omits a few things all the way to a dishonest agent. Their misdeeds include misrepresenting their products or those of their competitors, making lies of omission, lying about other agents, fudging the truth while making it appear that they are a knowledgeable and trustworthy agent, disparaging quality companies, or manipulating people’s emotions to “make the sale”.

Q: How have you learned about these mistakes?

A: Several Medicare supplement shoppers and clients have spontaneously reported these deceptive lines to me when I visited with them in person.

My *Ten Mistakes* was an outgrowth of witnessing the repeated shopping mistakes that people often make when looking for a Medicare supplement. Likewise, folks just like you have reported to me these recurring *Dishonest Tricks* from unethical agents. Now I have catalogued these *Ten Dishonest Tricks* to help you avoid being tricked and snookered by them.

It’s important to point out that the majority of agents are ethical. However, it’s the glaring misdeeds of the less-than-honest ones that add to the confusion that so many shoppers face when shopping for a Medicare supplement.

Q: Are there just ten dishonest tricks, or are there more?

A: There surely are far more than just *ten* dishonest tricks. The ones I have listed are the more blatant and common ones that I have heard. As time moves along, agents invent new ones or make variations of old ones. I heard number *ten* for the first time in May of 2010. I’ll expand this list as I hear of additional dishonest tricks.

Please note that while the accounts I describe are true, the names of individuals and insurance companies that I have used are fictitious. Any similarities to real names are a coincidence.

I want to define one more helpful term, and this is the single company agent or SCA for short. The SCA typically represents only one company and cannot show you what is available on the broad market. Put another way, the SCA works for a company, and an

independent agent works for you. Some of the worst ethics violations I have seen have been committed by the SCAs.

### **1. Agent selling a needlessly more expensive Medicare supplement.**

When meeting with Jim Harroway, in Hobson, Montana, he told me that an agent had come in from Great Falls and high- pressured him to sign up for his *attained-age* Plan F. There is nothing wrong with an attained-age policy, per se, as long as it is one of the more competitive offerings on the market.

The policy, however, that this agent was promoting had a ten percent higher premium than the most *competitive* attained-age Plan F available at that time.

Voice: Why did that agent *not* show Jim the best buy?

Lance: He may have had a special affinity with the company he was promoting, but usually you can boil it down to dollars. His company paid a 37.5% higher commission than the more competitive plan.

Remember, the first mistake of the *Ten Medicare Supplement Shopping Mistakes* is “*not understanding the standardization of Medicare supplement plans*”. For example, one Plan F will have identical benefits to any other Plan F. Thus, when an agent is promoting a more expensive plan, it is highly likely that there is a commission angle to it. Such an agent induces a shopper to make the 10<sup>th</sup> shopping mistake, which is “*paying more than you need to*”.

A while ago I had an appointment with a party in Middleton, Idaho, near Boise. I called to confirm, and he told me that he had already signed up with the same company that his wife had. I asked him what company it was, and he told me it was Delaware Life for \$46 more per month than the most competitive Plan F available at that time in Idaho. With him being gouged for a 45% higher premium, you can bet your last dollar that the agent’s commission was the driver of the whole affair. The agent’s substantially higher commission was at the expense of his client. This unaware shopper was induced to make mistakes one, four, and ten. A reminder, mistake number four is automatically signing up for the same plan that your spouse has.

### **2. The agent says, “*They all* (meaning premiums) *go up.*”**

It is true that all Medicare supplement premiums will increase over time...principally due to increasing medical costs and higher claims due to more illnesses. Here is where the lie of *omission* comes in. Remember, a *lie* is intended to deceive another person. Omitting important facts about a Medicare supplement policy and how it’s priced is such an example of this type of lie.

I met with Cynthia Stewart from Judith Gap, Montana. I explained to her the differences between *issue-age* and *attained-age* Medicare supplement policies.\* She understood and liked the idea of an *issue-age* policy. However, she wasn’t willing to commit as she told me that she wanted to consult with her brother-in-law, who ran an insurance agency in Bozeman. Several weeks later, Cynthia, somewhat distressed, called me to explain what had happened. Her brother-in-law got her to sign up with an *attained-age* Plan G that cost *a little more* than the most competitive *issue-age* Plan G available in Montana.

Upon asking her relative about the differences between an *issue-age* and an *attained-age* policy, he told her “**they all go up**”. That was it. There was no further explanation! Rather than honestly explaining the differences between the two ways that Medicare supplements are priced, he...like a typical used car salesman, glossed over a very important question.

What’s the lie of omission? It’s very simple. He omitted in his explanation to his sis-in-law that *attained-age* policies have age-based rate increases whereas *issue-age* policies do not. Yes, saying that *they all will go up* because of increasing costs is true, but leaving out the part about age-based rate increases is the lie of omission.

Fortunately for Cynthia, she backed out of her original application and asked me to sign her up for an issue-age Plan G. \*\* Her brother-in-law almost persuaded her to make the ninth shopping mistake, “*not understanding the differences between issue-age and attained-age Medicare supplements*”.

What was his motivation? He makes about 50% more commission with the plan he recommended versus the one that Cynthia ended up choosing. There is one more aspect to this entire episode. He ran a general insurance agency and was doing Medicare supplements as a sideline. We can bet that he did not have appointments with the most competitive companies, meaning that he could not offer them.

\* Montana and Oregon as well as most other states, allow the companies to use attained-age pricing. Idaho and Washington are among the very few that do not.

\*\* This issue-age Plan G is no longer available.

### 3. **The agent doesn’t quote the correct premium.**

In order to better serve their members, some fraternal organizations have gotten into the Medicare supplement business. To obtain one of their insurance products, one obviously must be a member of that organization. So, they have an annual membership fee anywhere from \$12 to \$24 per year. Spread over twelve months, that adds \$1 to \$2 per month in additional premium.

When a dishonest agent quotes their premium, he purposely omits their membership fee. That way, he appears to have a lower premium compared to another agent offering the exact same plan. The honest agent, for example, correctly quotes \$101 per month whereas the sly agent quotes \$99 per month. The unaware consumer is drawn to the lower number. When the dishonest agent writes the application, he says, “*Oh, by the way, there’s a \$2 per month membership fee,*” and he adds it on to the final premium tally. And by that time, what do most people say? “*Oh, (slightly disgruntled about the additional charge) uh, oh, okay.*”

In another example, a premium is \$81.25 for a plan G, and that is the rate I will quote. Note—These rates have subsequently gone up. Another agent quotes a \$79.75 premium. He magically sounds like he has a lower premium than I do. If your agent is quoting a rate for a fraternal order, ask the agent if the premium he is quoting includes their membership fee. Don’t think this is a big deal? I had a phone conversation with a Walter Duggan of Cascade, Idaho. I had previously quoted him \$118.04 per month for a Plan F with the *Order of the Grizzlies (OOG)*.

Walter: *The other agent quoted me \$116.54.*

Me: *That other agent forgot to add on the \$1.50 monthly membership for the OOG. It’s \$116.54 without the membership. I just give you the bottom line without any more add-ons. I quoted you the correct \$118.04.*

Walter: *Well, that p\_ sses me off, having to pay another \$1.50. I won't stand for that. I'm going with the other company.* Note: The other company from a third agent had a \$20 per month higher premium.

I was now the bad guy for telling him the truth. Unfortunately, in this case, the other agent had done the damage. He created doubt and mistrust in Walter's mind. Bottom line: If the agent doesn't give you the correct quote the first time without add-ons, you might consider shopping for another agent.

If you are not sure if the company offering the Medicare supplement is a fraternal order, simply ask the agent. Also, you can ask the agent the following question: *Are there any add-ons to the premium you quoted me?*

#### **4. Selling a plan that a person does not need.**

I visited John Myers in Clinton, Montana. He told me that he was on his wife's employer plan. I responded by suggesting to him that not only does he not need a Medicare supplement, but perhaps he can also opt out of Medicare Part B and the Part B premium until his wife retires. We called his wife's insurance company, and after a fair amount of prying, we finally got out of them that he does *not* need to be signed up for Medicare Part B. That saves him his Part B premium of over \$100 per month.

Meanwhile, John told me that an agent from Missoula called him the night before and quoted a supplement rate and tried to sell him that plan. That agent didn't even make an inquiry as to whether or not John even needed a supplement policy in the first place! That's the difference between a person providing solutions versus someone simply peddling policies.

Not everyone has been so fortunate to get honest advice as he/she approached age 65. This second case history didn't have such a favorable outcome.

Vivian McGregor responded to a lead mailing I did in Butte, Montana. She told me in our initial phone conversation that she had a Medicare supplement, and she quoted the current premium she was paying. I explained to her that as long as her health was good, she could qualify for a substantially lower rate.

So far so good. After visiting with her for about thirty minutes, she revealed to me that she had a good health plan through her employer, even though she only worked there part time. Taken aback, I thought to myself, *why does she have a Medicare supplement?* She pulled out a benefits booklet, and I could see that she indeed had a major medical plan. She would have been better off with a lower premium for her new Medicare supplement, except for one little hitch.

She took several prescriptions, some of them expensive brand names. I advised her that she would go into the gap on her own Part D prescription plan. Her employer plan had no gap. Therefore, that was the best choice for her. Oh yes, that same agent also signed her up for a stand-alone Part D plan for which she was paying premium but was not even using. Somehow, Medicare didn't catch that double coverage. Bottom line: That agent signed Vivian up for two plans that she was not using and didn't even need, wasting her about \$150 per month!

I asked Vivian if she was planning to continue to work for the foreseeable future. She answered affirmatively. I asked her if her Medicare supplement had ever paid any

claims. She said no. I asked her if she thought she still needed her Medicare supplement. She didn't think so. I told her that she could drop that policy and her Part D plan.

Q: That's incredible. How often does this happen?

It's not a frequent problem, but it still happens too often. In one more sordid tale, I signed up Bonnie McGruder of Sandpoint, Idaho in the spring of 2009 for a Medicare advantage plan. She subsequently received an advertisement in the mail from Hornet Health, and thinking that she could get a plan to help her with her copays for her Medicare advantage plan, she called the 800 number on the oversized postcard. *Bad mistake!*

Folks, let me digress here for just a moment. If you already have worked with a good agent, please call him or her before you do *anything* on your own regarding these Medicare related plans. I have had some difficult situations to remedy that could have been easily prevented in the first place, if the person had simply made a phone call to me before he or she acted. This is one of those cases.

A Hornet Health agent, an SCA, arrived in May on Bonnie's doorstep. He was there for only *ten minutes* and signed her up for a \$50 per month, high-deductible Plan F. A Medicare supplement is entirely useless for a person that is on a Medicare advantage (MA) plan. Furthermore, it's illegal to sell someone a Medicare supplement if he or she has an MA plan.

Bonnie, already on a very tight budget, flushed \$350 down the drain in seven months on something totally useless! We wrote the grievance department of that company requesting a full refund based on an illegal sale from an incompetent agent. They never responded, so she sent a complaint letter to the state Insurance Department.

The story had a happy ending as she finally received her refund check. I'll say this again; it's to your advantage to avoid like the plague the single company agents.

Q: You mean that the agent didn't even find out what she had?

A: That's absolutely correct. He was an *order-taker* only, and not a problem solver.

Q: That doesn't seem right.

A: You're right. Some of them just don't care.

##### **5. Signing up a person for a Medicare Advantage (MA) plan without his/her permission.**

A client in Libby, Montana referred me to Mark, a friend of his. In 2006 Mark signed up for a Part D prescription plan (PDP). A few months later in May, without his authorization, some agent had switched him to his company's combination Medicare Advantage and Prescription Drug (MA-PD) plan. Mark never authorized this change.

As I spoke with him, he expressed his unabashed irritation at what had transpired. He was thoroughly ticked off and wanted nothing to do with that company. Fortunately, we were in one of the appropriate election periods, and I was able to change Mark to another MA-PD plan. What was the original agent's motivation? Of course! By now you are

getting the idea that most all of these abuses revolve around commissions. That agent quintupled his commission by switching his PDP-only client into an MA-PD.

I need to add that there were enough sales abuses involving Medicare Advantage (MA) plans that Medicare instituted a sales and marketing moratorium for seven MA companies in June of 2007. There were even agents signing up dead people and impersonating Medicare officials in nursing homes. Yeah, it was that bad! Once Medicare had procedural assurances from those seven MA companies that such abuses would end, they lifted the moratorium in October 2007. The next case history shows us that despite Medicare clamping down on these abuses, they still occur.

I had the occasion to meet with Rita and Mike Yokes. They recounted their experience with an agent in a local BigBox-Mart. Rita was turning 65 and had gone there seeking *information* about PDP's and MA plans. She explained to me that she was somewhat confused about the actions of the BigBox-Mart agent, and she also showed me a slip of paper concerning her information inquiry. Our dialogue went like this:

Lance: *This slip of paper is a temporary "proof of coverage" that you signed up for that company's MA-PD plan. I use the same form when I do a telephone application with them.\**

Rita: *You're kidding! I thought we were just signing up for information only. He (the agent) just told me just to say "yes" to all of the questions as I was speaking on his cell phone. With the beeping noises from the nearby cash registers, it was difficult to hear what the operator was saying.*

Mike (very irritated): *What can we do about it? We don't want that plan!*

Lance: *Simple. You call up that company and rescind your application.*

Mike: *Does the Insurance Department have any say over this matter?*

Lance: *They don't have jurisdiction over the MA companies. Medicare does that. However, the State Insurance Department does have jurisdiction over the licensing of the agents. If you believe that agent (Bob) acted unethically, you certainly can send in a complaint letter. That's one way to shut down a rogue agent. If his license is eventually revoked, he's out of business. \*This company has subsequently discontinued telephone sign-ups.*

I explained to the Yokes that I had previously run across Bob's trail elsewhere in the state. Based on the feedback from incidents that people recounted to me, his reputation isn't exactly stellar. At that time he had been hooked up with another company. Ironically enough, the party I was to see the following morning was all too familiar with that agent. In the end, the Yoke's signed up for a competitive Medicare supplement.

The next morning I met with Jeremy and Sue Weber, and in our initial conversation I recounted the BigBox-Mart agent story. Apparently, that agent's reputation has traveled far and wide. Jeremy explained to me that his wife had signed up for a Medicare advantage plan with that agent through his previous employer.

This is another example of the SCA. That agent signs on board as an employee with *one* company as a captive agent. He now has to follow the party line of that company, and he inevitably spews out their all-too-often phony sales propaganda. This leads us to the Sixth Dishonest Trick.

To conclude this section, I'll offer a little more background about SCAs. First it's helpful to understand that SCA's are frequently the dregs and failures of the Medicare supplement business. They get on board with one gig as a captive agent and move on to another. Rather than maintaining a legitimate practice, they are like minstrels that move from one show to another.

Jeremy said, *"Oh yeah, that company fired Bob! It's not surprising to hear that he's now with another company working in a BigBox-Mart."*

## **6. The Single Company Agent (SCA) suggests that his mother company is "superior", as the companies represented by the independent agents "come and go."**

Recently I was presenting to a gentleman, William Nessman, in Missoula, MT. Part of our conversation went like this:

*Me: Have you had any other presentations from other agents?*

*William : Yes, I met with the agent (an SCA) from Mediocre Life & Health (MLH).\**

*Me: That's interesting. Being that their rates are not only not competitive, but that they are also attained-age, how does he convince you that you should go with his Medicare supplement?*

*William: He said that that you should watch out for the independent agents as their companies "come and go".*

*Me: That's interesting. Did he name any specific, established companies that have, uh, come and gone?*

*William: Uh, well no.*

*\* This is a fictitious name, of course. I expose more of their shenanigans in a footnote.*

Folks, this is one of the oldest and slyest tricks in the book. If you can't win the argument based on its own merits, then you attack your opponent and hope it sticks. So if one supports border control, his opponents label him as a "racist". If he opposes the concept of affirmative action, he's labeled as a "bigot". And so on it goes. Sticking to the facts is irrelevant, as doing so will defeat the shyster's own argument. Let's look at the true facts.<sup>1</sup>

## **7. The agent says that he has never heard of that company.** (This can happen with both Medicare supplement and Medicare advantage companies.)

A while back I signed up Rachel Bergstrom of Hayden, Idaho for a Medicare supplement. A few months later I received a cancellation notice from her original company. I called on her in person, and here is what she told me.

*Rachel: My son has a friend in the insurance business, and he convinced me that I should talk with his friend, Zeke. He asked me what company I was with, and he despairingly said, "I've never heard of that company". He talked me into switching plans.*

This agent manipulated Rachel's emotions just to make a sale. Fortunately, Rachel switched back to her original, lower cost plan.

Recently, I met with Jim Woods in Lewiston, Idaho. Jim explained to me that he was interested in a Medicare Advantage (MA) plan. He also told me that he was taking no prescriptions. I suggested to Jim that he might be interested in one of the low-priced

Medicare Advantage plans that included prescription drug coverage. I quoted him the one that looked to be the best buy in Nez Perce County.

This company, FineHealth, is a large, nationally recognized health insurance company that trades on the New York Stock Exchange. They entered the Idaho market in 2008. Jim told me that he talked with another agent out of Moscow, Idaho that said *he had never heard of them.*

Here is how I responded to Jim:

Lance: *Do you even want to think about dealing with an agent that is so ignorant that he doesn't even know who are the major players in a given market? Put another way, it's like the local Chevy dealer saying that he's never heard of Toyota.*

Jim did the business with me.

### **8. The agent clean sheets the application.**

A few years ago one of my general agents gave me some mail-in leads for eastern Idaho. A party from American Falls, Ron and Lois Dunham, had requested information concerning lower rates for Medicare supplement plans. I set up an appointment. They both had more expensive coverage from another company. Lois met the underwriting requirements for a lower cost Plan F. Unfortunately, Ron had asbestodosis, which definitely is a chronic lung condition, meaning that the new company won't accept him. Lois did not want to commit yet.

I set up an appointment a month later to write Lois's application. Upon seeing them, Lois explained to me that a Blackfoot, Idaho agent had written their applications for the same company that specifically has "chronic lung condition" on their application. I explained to Lois that they would decline her husband. She told me that the other agent said that there was no problem as he had "*checked with the underwriter\* at home office.*" Yeah, sure he did!

I called the home office, and an underwriter explained to Lois that asbestodosis was a chronic lung condition and they would not take her husband. The agent had conned the Dunham's into defrauding an insurance company. Lois got in a huff, but not at the dishonest agent. Her anger was directed at me because I spoiled her party.

A while later I called another party, Tom Rutgers, from Lemhi, Idaho that had also responded to the same mailing. Tom explained to me that he had a prostate cancer procedure about a year ago. I explained to him that most companies have at minimum a two-year lookback regarding internal cancer. He then revealed to me that an agent from Blackfoot told him that that was not a problem. Tom recounted to me that he smelled something fishy. I relayed to him the American Falls story. He said, "*Ah ha, now I understand.*"

A few years ago I met with Alice Sonnen in Coeur d' Alene, Idaho. Alice was turning 65 and was in the market for a Medicare supplement. She revealed to me that an agent from Spokane had recently signed up her 69 year-old husband for his first Medicare supplement. Mr. Sonnen also told me that he had just had a heart stent procedure. In other words, he had the procedure just *one month* after signing up for his Medicare supplement policy.

Being that he was out of open enrollment, his application was medically underwritten. One of the questions on most any company's application reads as follows: *Are there any*

*medical procedures or joint replacements that your physician or member of the medical profession has recommended but that you have not done.* I asked him if he knew that he was having the stent put in before he applied. “*Oh yes,*” he responded. The Spokane agent clean-sheeted his application.

In the cases I have described the agent marks “*no*” for a medical question on the Medicare supplement application that should be a “*yes*”. The “*yes*” answer, of course, would cause a decline, and the agent doesn’t get paid a commission. Hence, the term “*clean-sheeting*” or “*white-sheeting*” was coined.

These dishonest agents will willfully defraud the company they do business with. General agents have told me that about 20% of the agents are guilty of clean sheeting. This is why some companies do a more thorough vetting process before taking on an agent.

Attempting to defraud an insurance company is serious stuff. In addition to agent dishonestly, some shoppers are also dishonest.

Sam Smelling was well past 65 and applied for a Medicare supplement. He lied to the agent that wrote his application and to the person that called him for his *personal history* phone interview. Two months after his policy was effective, he had heart surgery. Suspicious, his insurance company pulled his medical records, and sure enough, his heart illness was there but not disclosed. They rescinded his application, meaning that they returned all of his premiums paid, said “*BYE!*”, and paid no claims.

\* An underwriter at an insurance company is the person that reviews the applicant’s information and makes the final determination if the company will accept or decline the application.

## **9. The agent hammers your emotions with a scare story.**

I visited with John Engen in Priest River, ID. I explained to him all of the benefits of a Medicare supplement plan, and I went into detail about the *Part B Excess*\* benefit. He interrupted and told me a “*horror*” story that a local Priest River agent told him concerning, in particular, the *Part B Excess* benefit. I should add that John had already evidenced to me that he was very healthy and seldom went to the doctor.

John: *She told me a horror story about some woman with a \$50,000 hospital bill, and there was \$10,000 of it left unpaid.*

Me: *Please permit me to interrupt you. Remember the Part B Excess benefit is for Part “B” or Medical expenses, not Part “A” which is hospitalization. That agent didn’t even know what she was talking about. Furthermore, she was trying to scare you into buying her Plan F.*

## **10. Scaring people into thinking that their plan is no longer any good.**

This is the newest dishonest trick that I have heard, and apparently it’s widespread enough that one Medicare supplement company sent out a bulletin warning its policyholders about this tactic. A little background is in order. Medicare standardized Medicare supplement Plans A-J in 1990. In 2006 they dropped the *prescription benefit* from Plans H, I, and J and added the little used Plans K and L. Medicare has changed since 1990 and covers more in the way of preventative services and home health care, so it was time to revise the standardized format. They dropped two very minor and seldom-used supplement benefits, as now Medicare for the most part covers them.

The Part B excess on the old Plan G paid at 80%. The same benefit for Plans F, I, and J was 100%. Medicare changed the Plan G to 100%. That along with the above changes rendered Plans E, H, I, and J identical to other plans. Thus, Medicare dropped those plan letters in the Modernized format that began June 1, 2010.

In actuality, *all* of the other lettered plans are new, even though they use the same existing plan letters. There is a slight difference, for example, between a new Plan F and the old Plan F. All existing plans sold prior to June 1, 2010 were grand-fathered in. They go on like nothing happened.

Here's an analogy. You have a 2010 model car. The car company makes a few changes for that same 2011 model. You keep driving your car down the road. The same is true for refrigerators, freezers and even iPods!

I signed up Vivian Cartwright of Coeur d' Alene, Idaho for a Plan "I" with a May 1, 2010 effective date. Subsequently, another agent contacted her and asked her what plan she had, and she said that she had Plan "I". Very concerned, Vivian called me and reported to me that the agent told her that her Plan "I" was being dropped by Medicare and strongly *implied* that it was *ineffective* after June 1, 2010. She was visibly shaken-up as she thought that her coverage wasn't going to be any good. Fortunately, she called me.

Imagine some car salesman idiot telling you that you have to buy their new current model because your high quality and barely broken-in, one year old model is now obsolete and won't run! You'd laugh him out of the showroom.

The intricacies of Medicare and their frequent changes are much more difficult to understand compared to a car company coming out with a new model. You know that your one-year old car will keep running just fine even though the manufacturer changes the grill and wheel covers for the next year's model. The same is true with your Medicare supplement policy.

The scumbag agent, however, is well aware of the confusion concerning the changes with Medicare. He then manipulates the emotions of seniors and *scares* them in an attempt to "make the sale".

This concludes the *Ten Dishonest Tricks*. As with other scams, new ones will be invented, or the unethical agents will create variants of the old ones.

It's important to note that some companies also push the limit on ethics. I have seen a large postcard on some of my clients' kitchen tables from *Honest Hank's Health*. In big bold letters it says, "**MEDICARE SUPPLEMENTS AS LOW AS \$50 PER MONTH**". Reading between the lines, I knew it was a high-deductible Plan F. Virtually no one gets this plan, but it makes for good advertising copy.

This is the classic bait and switch. Their low rate teases you into calling their 800 number, and soon you will have their agent at your door. He or she will then say, "*Oh, you really don't want that high-deductible plan*". The agent will then push for the more expensive regular Plan F.

1. MLH was acquired by a larger insurance conglomerate that went through a bankruptcy a few years ago. And the MLH agent has the audacity to make it sound like his company sits high atop the totem pole of success while their competitors are like a bunch of minions scrambling about and ready to fold at any time. Give me a break!

MLH also offers Long Term Care (LTC) insurance. Again, their deceitful agents make it sound like they are this terrific company when pushing their LTC insurance. They forget two very important details. First, ratings *are* very important when thinking about what company to go with when buying LTC insurance. You want to make sure that the company will be solvent and able to pay claims 20 or 30 years from now.

The easiest way to understand a company's rating is to look at its *Comdex* score. Companies are assigned a numerical score based on the ratings of the four leading rating companies. A score in the 90's is excellent; the 80's is good, and so forth. MLH's Comdex rating runs in the low 60s, which is poor. Translation: It's "D" rated.

If that isn't bad enough, MLH along with two other insurance companies were reported in a recent news article as foot dragging when it came to paying claims for their long term care policyholders. I have personally experienced dealing with that company as I had one of my clients, Edna Rollings, go into a nursing home. She had previously bought an LTC insurance policy from MLH. Her kids fought with them to get their mom's claims paid.

Just as groups of people and families have their cultures, so do companies. Most companies operate a highly ethical business, but unfortunately a few do not. MLH falls in the latter category, and sadly, their culture is to pander and to butter-up others. Accordingly, they attract agents, the used car salesman types, who are adept at snookering easy-to-fool people. Fortunately, many people sense that there is something not right about these people and kick them out of their house. The MLH agents, operating under the guise of respectability, bluff enough gullible souls, however, to stay in business.

You could almost describe them as virtual con artists. While the MLH agents are conning the people they encounter, the company itself cons prospective sales agents. I received a recruitment letter from MLH. Their middle two paragraphs read as follows: The underlining is *their* emphasis.

Enjoy substantial financial rewards, plus benefits and perks! Top new MLH agents can earn as much as \$170,000 a year, and top managers can earn as much as \$500,000 a year. And with our tremendous Bonus Program, you could make an additional \$120,000 a year on top of that! MLH offers advanced commissions, group insurance, advertising allowances, paid conventions, and more.

MLH makes it easy to sell. MLH offers a wide-ranging portfolio of innovative and competitive insurance products for seniors. And we help you reach your market successfully with our outstanding Prospecting and Lead Generation System!

Look at all of their pandering! The promise of the big bucks is one. Oh, and another ten grand per month in bonuses! Wow! They are like the multi-level marketing (MLM) company that promises you \$10,000 per month part-time with a *home-based* business. Uh huh, yeah sure! To get the true story about MLH, do a Google search, "ML&H Scams". Of course, you'll have to know their real name.

Here is a rule of thumb that so far I have never seen an exception. When an outfit advertises *high* commissions to recruit prospective sales agents, invariably their product line is either overpriced, inferior, or both. Their Medicare supplement policies by law must follow the standardized format, but they are overpriced. Their final expense life insurance is way overpriced, and their LTC insurance and fixed annuities are backed by a company with very poor ratings as well as a reputation for being slow on claims paying.

Their “*outstanding Prospecting and Lead Generation System*” has resulted in their agents being thrown out of people’s homes because they do not understand the English word “NO”. Additionally, many of their agents have violated securities regulations when pitching their annuity products. There is far more that I could say about the misdeeds of MLH and their agents, but I think you get the idea.

Just like Bob the roving minstrel, the MLH agents are also SCA’s. There is the usual turnover. However, corporate MLH plays a dirty trick on their own agents. If they leave and decide to go independent, they lose all of their renewals. So, if the MLH agent has struggled to build up his renewals to two or three thousand per month, he loses that if he strikes out on his own. He’s trapped! Thus, corporate exacts a high price from their agents if they decide to leave their outfit.

There is an old adage; you become like those you associate with. If you associate with those that drink, you will become a drinker. And so it is for those in the MLH organization. The agent may have once been a principled person when he signed on board, but that will die a fast death when his personal integrity is assaulted by their internal sales propaganda.

If and when I revise the *Ten Mistakes*, I will add another. Mistake #11—*Trusting or giving any credence whatsoever to a Single Company Agent or SCA*. This is especially the case for anyone connected with MLH.