

Recent Examples of the Ongoing Problematic Life Insurance Industry Information

Pages 2 and 3 show information prepared by **Penn Mutual** for its agents. While **Penn Mutual** acknowledges on page 3 that this information is not to be used “in sales situations,” **Penn Mutual** somehow disregards the Society of Actuaries statement: “Sales illustrations should not be used for comparative policy performance purposes” and went ahead and “educated” its agents regarding the attractiveness of its products by “comparing illustrations.” **Penn Mutual** is hardly the only insurer to engage in this practice, but pages 2 and 3 which were received by Breadwinners in January 2010 documents this ridiculous practice of this dysfunctional industry. **Upshot: If your agent recommends that you purchase or renew a policy based on an illustration, it's time to find a new agent.***

Page 4 shows an example of a life insurer's “happy” sales talk. **Mutual Trust Life** tells consumers its mission is to have “ten year historical performance of our permanent life insurance products that will place us in the top five of all companies.” **Mutual Trust Life** may be a company of well-intentioned individuals, but it is such a small insurer with severe limitations (small scale, unspectacular persistency, investment management, underwriting experience and capabilities) that I find it absolutely inconceivable that **Mutual Trust Life** has ever had a reasonable chance of providing its general policyholders with a 10 year performance worthy of a Top 5 industry ranking.

Years ago, A.M. Best published summaries of historical policy performance data. Best's stopped providing this information when the NAIC in the mid 1990s eliminated these data from insurers' Annual Regulatory Statements. Full-Disclosure.com, a business run by my friend, Roger Blease, works with insurers to assemble and distribute information largely to insurers and their agents. (Roger may also provide some information directly to consumers, I'm just not exactly sure, but feel free to contact him at 610-330-9766 for details.) The significance of this aside is that Roger's data for 20 year policy performance shows that out of a mere 14 companies voluntarily providing historical data for 2009, **Mutual Trust Life** finished 12th or 14th by almost every measure. Admittedly, these results are based on 20 year, not the 10-year performance about which **MTL** waxed, but finishing nearly dead last or dead last out of such a small group of companies makes me highly skeptical of **MTL** ever having a Top 5 ranking in any category, except perhaps chutzpah. The life insurance industry has more than a 1000 companies, approximately 100 of which typically account for 90+% of the industry's total business. I would be willing to wager that **MTL** has never finished in the top 50 of an industry wide sample of 100 active insurers. **Upshot: If your agent recommends that you purchase or renew a life insurance policy, based on some insurer's happy sales talk, it's probably time to find a new life insurance agent.***

Page 5 shows **Northwestern's** recently adopted disclaimer informing consumers that its agents do not act as the client's fiduciary when selling products. **Northwestern** agents, of course, have long claimed to be fiduciaries, in fact, several with whom I've spoken in recent months (circa April 2011) still claim to act as a fiduciary. For years, **Northwestern** required agents to multi-page document which contained the clauses shown on Page 6: To Always Act in the Best Interests of the Client and To Avoid Any Situation With a Potential Conflict of Interest with the Client. These clearly conflicting **Northwestern** documents (Page 5 vs. Page 6) are indicative of the pervasive duplicitous conduct that exists in the life insurance marketplace. **Upshot: If your agent wittingly or unwittingly engages in such duplicitous conduct, it is probably time to find a new agent.***

Pages 7-9 show information from **IMSA's** website. **IMSAethics.org** was created in the mid 1990s to provide a ‘Good Housekeeping Seal of Approval’ to insurers. My letter to **IMSA's** President documents why I have always considered **IMSA** to be a fraud. <http://www.breadwinnersinsurance.com/letters-to-insurers-and-regulators-imsa-president/> **IMSA's** President had stated in 2009 that **IMSA** was “beefing-up” its website to provide more and better information about life insurance. Pages 7-9 show how pathetic **IMSA's** “beefed-up” website is. In fact, a month after it received my August 2010 letter, **IMSA** announced it would be shutting down. **Upshot: Even** if your life insurer has been an **IMSA** member (as both **MTL** and **Northwestern** have been), it is time that you reconsider any decision that you might have been led to make as a result of believing **IMSA's** approval meant any meaningful protections for you and your family.

*Even if you're not presently planning to purchase a new policy, it could be smart to contact Breadwinners' Insurance now to review your past insurance decisions. Given the types of problems described above and the fact that the regulators – whom you had probably assumed worked to safeguard you against such types of practices – have been blithely indifferent to consumer concerns, obtaining Breadwinners' good information could be a very smart decision.