

# Your Rights When Purchasing Insurance and Annuities



As a senior, you are a tempting target for unscrupulous or deceptive sales practices because you are making decisions about large sums of money from a lifetime of savings and asset appreciation.

You probably are concerned about the risk of losing what you have gained over the years because you do not have the luxury of time to recover from a “bad” decision. Insurance companies offer products and services designed to reduce financial risk and improve income in return for premiums and other fees you pay them. They are anxious for the opportunity to do business with you. But not all products are appropriate for all consumers. Carefully consider your own goals as well as the features of the product when making these personal business decisions.

As a consumer, you have some special protections related to certain products. Oregon laws and rules spell out these protections. These are your rights.



## Annuities and Life Insurance

1. **Suitability:** Oregon law prohibits the purchase, sale, or replacement of life insurance or annuities unless sellers make a reasonable inquiry concerning the consumer’s insurance objectives, financial situation and needs, age, and other relevant information. Ask for a copy of the questionnaire completed by the seller that shows why the transaction was a good idea. OAR 836-080-0090
2. **Free look period:** Most policies contain a 10-day “free look” period and, in Oregon, the law requires a 30-day period when you are replacing existing coverage. You are entitled to a full refund of premium if you return the policy within the free look period, which begins when you physically receive the policy or contract. Make sure you review the policy immediately upon receipt. You might also wish to have your tax accountant, attorney, a trusted family member, investment advisor, broker, or other financial adviser review the policy before the free look period expires. OAR 836-080-0029
3. **Incontestability:** In the absence of fraud, the insurance company cannot cancel (rescind) the policy after two years in-force because of errors on your application. This applies to all annuities and life, health, and Medicare supplemental policies. This protection does not exist during the first two years of coverage. ORS 743.168, 743.258, 743.528, 743.414
4. **Surrender penalties:** The seller of the insurance product must clearly disclose and describe in the contract any surrender charges and other deductible fees. There may be substantial penalties for early surrender. ORS 742.023(1)(f), 743.284

# Long-term Care Insurance

1. **Right to information:** When you are solicited for insurance, the agent must provide you with a written outline of coverage including all benefits and limitations. The agent also must provide you the “Shopper’s Guide to Long Term Care Insurance” developed by the National Association of Insurance Commissioners (NAIC).  
OAR 836-052-0776, 836-0726, 836-052-0786
2. **Marketing standards:** Any comparison of policies must be fair and accurate. The agent must consider existing insurance so that he or she does not sell excessive insurance. High-pressure tactics, misleading direct mail advertising, and misrepresentation of any material facts are prohibited in the sale of long-term care insurance. OAR 836-052-0706
3. **Guaranteed renewable:** A policy must state and define whether it is guaranteed renewable or noncancellable. OAR 836-052-0526
4. **Disclosures:** When your policy is delivered, you should receive a disclosure statement that includes a statement of premium and explains how future rate increases will be applied. OAR 836-052-0556
5. **Unintentional lapse:** You may designate another person to receive lapse or termination of coverage notices for nonpayment of premium for long-term care insurance. OAR 836-052-0536(1)(a)

# Medicare Supplement Policies



1. **Marketing standards:** Any comparison of policies must be fair and accurate. High-pressure tactics, incomplete cold lead advertising, and misrepresentation of any material facts are prohibited.  
OAR 836-052-0175
2. **Free look period.** The law gives you a “free look” period of 30 days to return the policy. OAR 836-052-0160(1)(e)
3. **Guaranteed renewable.** Medicare supplement policies are guaranteed renewable, but premiums may be increased not more than once per 12 months. OAR 836-052-0133(2)(e)
4. **Right to information:** Before you purchase a Medicare supplement policy, the agent must provide you with a written outline of coverage including all available plans, premium, and benefits at the time of the sales presentation.  
OAR 836-052-0160
5. **Multiple policies:** The law prohibits any sale that provides an individual with more than one Medicare supplement policy or when coverage overlaps a Medicare Advantage (Part C) plan.

# General Rights

It is illegal for an insurance agent, broker, solicitor, or insurance company to misrepresent the terms or benefits of any insurance policy or annuity. Further, insurance agents, brokers, and others engaged in the transaction owe prospective customers 65 years of age or older a duty of honesty, good faith, and fair dealing, according to Oregon law. If you are contemplating purchasing a new or replacement policy or annuity, please take note of the following precautions:

- Obtain all proposals in writing.
- Don't be pressured into buying any product. Take enough time to review the information before making any decisions.
- Ensure that products are properly registered or approved.
- Do not sign anything you do not understand.
- Consider having a trusted family member, friend, or adviser participate in discussions concerning the purchase of any product.
- Make sure the agent, broker, and company are properly licensed to sell the product you are considering purchasing.

If you apply for insurance and are refused, the law allows you to request a written explanation of the specific reason for the refusal or denial of insurance requested. **ORS 746.075, OAR 836-080-0900, ORS 746.650**

For counseling on health insurance issues, you can contact the Insurance Division's Consumer Advocacy Unit toll-free at 888-877-4894 or visit [insurance.oregon.gov](http://insurance.oregon.gov). For information on Medicare or Medicare supplement plans, contact the Senior Health Insurance Benefits Assistance (SHIBA) program at 800-722-4134. You can also visit SHIBA's Web site: [oregonshiba.org](http://oregonshiba.org).

The information provided here is not all-inclusive and does not negate or preempt existing Oregon law.



## Department of Consumer and Business Services Consumer Advocacy Unit

888-877-4894 toll-free  
503-947-7984 in Salem  
[dcbs.oregon.gov](http://dcbs.oregon.gov)