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For immediate release:
March 7, 2006

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State warns consumers about 'senior specialists'

The Oregon Department of Consumer and Business Services urges consumers to carefully check the credentials of investment or insurance professionals who call themselves "senior specialists."

A senior specialist designation may imply the individual has had special training on issues important to the elderly, but the training they receive may be nothing more than marketing and selling techniques targeting seniors.

"There are organizations and professionals who work hard to understand and meet the insurance and investment needs of seniors, but there are also many unscrupulous ones who view seniors only as a ripe opportunity for sales and profit," said Cory Streisinger, DCBS director. "The alphabet soup of letters after salespeople's names can be confusing or even deliberately deceptive."

The number of senior-related designations is on the rise, according to the Washington, D.C.-based North American Securities Administrators Association. Although there are some legitimate organizations whose members must complete rigorous training programs, a number of the recently created designations have less stringent requirements.

The NASAA reports securities regulators have opened 26 cases in the past year involving senior specialists in the eastern half of the United States alone. In some cases, individuals who were not properly licensed sold unregistered securities. In other cases, senior specialists steered investors toward equity-indexed annuities, which are complex insurance products with high commissions and long holding periods that make them unsuitable for many older investors. There currently are no cases in Oregon, but regulators note that once a case is open it is often too late to help the victim. Even if a shady operator is caught and punished, it is unlikely that much, if any, of their victims' money will be recovered.

Senior specialists generally target customers at senior centers, where they gather groups of seniors for presentations, said Cindy Jones, market surveillance manager for the DCBS Insurance Division. Others might go door to door or advertise in newspapers, she said.

DCBS adopted a suitability standard in 2005 after complaints about sales of unsuitable life insurance and annuity products, especially to the elderly. The rule requires anyone selling or replacing a life insurance or annuity product in Oregon have reasonable grounds to believe the transaction is not unsuitable for the consumer based on a review of the consumer's insurance objectives, financial situation and needs, age, and other relevant information known to the seller.

DCBS licenses and regulates insurance agents and investment professionals.

"Before doing business with any investment or insurance professional, consumers, especially seniors, should check to see whether the individual is properly licensed and if there have been any complaints or disciplinary problems involving the individual or his or her firm," Streisinger said.

More

To check for licenses or enforcement actions against insurance agents, call the DCBS Insurance Division at (503) 947-7980 or visit www.insurance.oregon.gov. For information on investment professionals, contact the DCBS Division of Finance and Corporate Securities at (503) 378-4140 or www.dfcs.oregon.gov, or the National Association of Securities Dealers at www.nasd.com.

Seniors also can visit the Senior Investor Resource Center on the NASAA Web site at www.nasaa.org for additional investor education and protection tips.

To report someone you suspect is peddling a fraudulent product, call the DCBS Insurance Division or Division of Finance and Corporate Securities.