Students complain of sales tactics

From Page 1

Chappell, a claims analyst for the state Insurance Commission, asked for "a detailed sworn statement from your agent (Belkoff) regarding the presentation of this insurance." Details of this statement could not be released through Chappell because of a commission policy which requires approval of all press contact by Chief Insurance Commissioner Howard B. Clarke, who is in San Francisco and could not be reached.

Nicholas R. Skolsky, in charge of South Carolina's Fidelity Union bureau, also refused comment on this and other charges involving his company's agents, referring the matter to the legal offices in Dallas.

The practice of concealing the true purpose of an application, under the guise of a medical background check, has led one University insurance professor to call the practice "fraud." S. T. Pritchett said the practice "goes beyond being unethical. It would be illegal."

Another example of this sales practice did not require commission action. Charles S. Cromer, The Gamecock's Editorial Editor, wrote the company's home office and was released from a policy sold to him by an agent in an identical manner as that sold to Raad.

Cromer said he was deceived by the agent. "He told me in no way would I be committed by signing this release. He said it was not a policy application but a release to check into my background to see if I was insurable."

"I said 'fine, but I don't want a policy.' But I did want to see if I was insurable."

"He said he'd come back and talk with me, but a while later I received a welcome from the company in the mail. He brought the policy over (a policy). I said 'Hold it right there. There's no policy'."

Cromer then called the company, briefly explaining this case, and the policy was canceled.

Subsequently, Cromer received a refund of $100, the initial premium payment, sent via certified mail 225131 from Fidelity Union, postmarked Nov. 7, 1973. Cromer said the agent stated he paid the initial premium. The rebating law prohibits agents from paying premiums for customers.

After the policy was canceled the agent returned to Cromer for the money. "He came back trying to get the check," Cromer said, "He said it was his $100. He had said there was a $10 charge to check into your background. I said I didn't want to pay it. He said he'd pay it to see if I was insurable."

The initial $10 payment, in this case, is the first payment to the premium note, which is applied toward a certain life insurance policy. The price of the first payment varies with the face value of the policy.

A similar case has been found involving Nicholas C. Burton, a Bates House hall counselor. Burton, however, said he has contacted the Insurance Commission, and he plans to testify at future public hearings into the problems.

After the agent contacted Burton by phone, he came over to Burton's room in Bates House to present his sales program.

Burton immediately began to complain about the sales talk, saying the agent was "an extremely hard sell to the point of being over-persuasive. He is over-bearing in his sales talk."

During the talk, Burton said, "I was not aware that a promissory note was involved. I did not know I was obligated to buy insurance from this company.'"

Burton continued, "I kept asking him making sure it was not a contract, it was just a check of doctor's records."

After signing the necessary application and promissory note, Burton said the money matter was never mentioned. "There was nothing about money being involved at all."

That night Burton discussed the matter with some other insurance agents while at work. These agents told Burton that he had in fact signed a promissory note, and he had contracted for an insurance policy.

Burton then made arrangements to cancel the policy, which was ended on Oct. 17, 1974. Along with the cancellation letter, there was a check for $10 and the promissory note. "About three days later," Burton said, "the agent called asking for the check."

"I told him I'd sent it (the check) to him," he said. Instead, Burton turned the check over to another insurance agent. This agent then provided The Gamecock with a copy of the check.

"I didn't know I was buying insurance," Burton concluded. "He said nothing about sending the $10 back."

Another problem in the current life insurance practices is agents who sell a product designed for "College Seniors Only," but in reality will sell the product to anyone.

In the case of Jerry T. Camp, he was sold a policy during his sophomore year. The agent of Fidelity Union, however, said it was not necessary to be a sophomore, and sold the policy to Camp.

The matter was taken up by the Insurance Commission. In a letter dated Nov. 4, 1974, Chappell once again wrote to Fidelity Union Life President Michael J. Collins about the problem. "This Department notes that your policy advertising literature indicates that this coverage is available to College Seniors Only." Mr. Camp states that he is a sophomore, and that he was advised your agent of this at the time of application," the letter says.

"We (the department)," the letter concludes, "request that you initiate a review of this matter, and take the necessary actions to comply with the insured's request for the termination of the policy and the Promissory Note."

Camp said the policy was cancelled.

Because of such practices, some people have advocated the ban of life insurance sales on campus, but as one agent has said "it only postpones the problem."

Instead, the solution seems to lie with a registration board which would oversee all sales, and would prohibit non-approved companies from selling on campus.

A form of this plan was proposed by the Insurance Commission. And it has met general approval from both the insurance professors as well as Fidelity Union Life. Fidelity Union's Skolsky believes that his company would not be one of the companies refused access to University students. Indeed, his company favors legislation which would create such a registration board. In the words of Skolsky the questionable sales techniques were employed by "generally small fly-by-night companies and it reflects on us."

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