

**TESTIMONY OF**  
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**REGARDING HOUSE BILL 2420**

**BEFORE THE**  
**PENNSYLVANIA HOUSE OF REPRESENTATIVES**  
**INSURANCE COMMITTEE**

**PLUM, PENNSYLVANIA**

**SEPTEMBER 24, 2010**

Thank you for the opportunity to appear before the House Insurance Committee today. My name is Mary Bach and as a resident of Murrysville I'd like to welcome the Members of the Committee to our area. I serve as a volunteer member of the AARP Pennsylvania Executive Council, and I'm here today representing the 1.8 million AARP members who live in Pennsylvania.

It is no secret that perpetrators of scams and frauds prey on older citizens. I've seen it in my role as an independent consumer advocate and I see it serving on AARP's Consumer Issues task force. It's often tough to stay ahead of many of these sophisticated scam artists and we can only wonder how much good could be done if they would devote their time to improving lives instead of devising schemes to take advantage of consumers.

One area where we seem to always be playing catch-up is in the laws that are in place to prevent fraudulent activity. As we become aware of the latest ways in which these unscrupulous individuals try to separate consumers from their assets, we're forced to adjust our laws to attempt to end exploitive practices while still ensuring legitimate business can take place.

House Bill 2420 is legislation which seeks to accomplish this goal. Older Pennsylvanians are naturally drawn to services or individuals advertising themselves as "experts" in issues relating to seniors. This is especially attractive to older people trying to make sense of their finances while living on fixed incomes. The input and advice of someone who understands the various tax laws and implications of insurance policies, 401Ks, annuities, etc. can mean the difference from experiencing a comfortable retirement and struggling to have enough resources to remain at home.

Unfortunately, too many individuals try to pass themselves off as certified "experts" in the financial affairs of older Pennsylvanians without having any particular training in this field. Worse, some of these self-designated "experts" attempt to sell seniors insurance they don't need or annuities that

make an older person much worse off financially while the marketer of the product profits. It may sound silly, but scam artists aren't above taking a title such as "Senior Marketing Expert", which of course is a step above "Junior Marketing Expert", and implying that title means they are an expert in products impacting older individuals.

I would like to share with you a personal story that gets right to the point of this pending legislation. My husband and I have been accepting those free meal invitations that a lot of seniors receive in the mail. They typically offer a seminar on retirement issues involving investments, annuities, and/or living trusts. We usually enjoy the meal and when the host asks to come to our home as a follow-up, we make an appointment. It's important for me to add that we are AARP "No Free Lunch Monitors", working in conjunction with the Pennsylvania Securities Commission (PSC) and the Investor Protection Trust.

We have been pitched legitimate investments by reputable companies and we have also met some scam artists. One such scammer we encountered, offering annuities with an impressive title of Certified Senior Planner or CSP, sitting across our kitchen table, asked for a \$100,000. When asked for a prospectus or a supporting draft contract, the "salesman" had none, not even a brochure with general information to offer. His words were, "You give me a check and we'll work out the details later". We quickly showed him the door and promptly submitted our findings to the PSC and the Pennsylvania Insurance Commission. The bottom line to this story is that the product he offered was not registered for sale in Pennsylvania and we had confirmed that his CSP title was purchased over the internet with a payment of \$995 and a 24 hour waiting period. He admitted to this when originally questioned by us.

In retrospect, we cannot help but wonder how many less savvy people, who attended the same dinner we did, actually may have fallen victim to his annuity offering and his phony and officious title.

House Bill 2420 set rules on the criteria necessary for an individual to be determined to have special certification to market financial products to seniors. It prohibits marketers from claiming credentialed expertise in fields where they have no certification or professional designation, and it establishes penalties for violations of the law.

It is truly unfortunate that we need to consider the adoption of such legislation in Pennsylvania. But our experience demonstrates that too many of our older citizens are being taken advantage of by these unscrupulous practices. An AARP principle for consumer protection issues, as stated in the AARP Public Policy Book 2009-10, is that "Fair Play and Practices must be observed in the marketplace". Sales practices which attempt to mislead or confuse anyone, in this case older citizens, should be made unlawful. This is the goal of House Bill 2420 and AARP supports this goal and this legislation. AARP urges the House Insurance Committee to approve HB 2420 and quickly move it to the House floor in the hopes we could see this bill adopted before the General Assembly adjourns for the year.

Again, thank you for the opportunity to speak to the Committee today, and I'd be glad to attempt to answer any questions you may have.