

Fact Sheet



U.S. Department of Labor
Employee Benefits Security Administration
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How to Protect Your Employees When Purchasing Health Insurance

- **Compare insurance coverage and costs.** Always compare the benefits and costs of multiple insurance products. If one product appears to offer similar benefits at a dramatically lower cost, ask questions.
- **Confirm** that the person offering the product is a licensed insurance agent with a proven record of reliability. Promoters of insurance scams often engage unlicensed insurance agents to market their product as a cheaper alternative to traditional insurance. Check out unknown agents with your state insurance department.
- **Verify** that any unfamiliar company, organization or product is approved by your state insurance department.
- **Examine the policy** to determine the actual coverage and whether the promised benefits are fully insured by a licensed insurance company. Do not confuse representations about stop-loss coverage with a guarantee of group health benefits. Stop-loss coverage often protects only the issuer, not the insured individuals.
- **Request references** of employers enrolled with the provider and get information from employers about benefit payment history and claim turn around time.
- **Ask about the allocation of premiums** charged for commissions, fees and administration expenses. Allocation of a high percentage of the premiums to commissions, fees and administrative expenses may indicate a problem with the product or insurer.
- **Contact** your Regional Office of the Employee Benefits Security Administration (U.S. Department of Labor) through its toll-free number at [1-866-444-3272](tel:1-866-444-3272) or at www.askebsa.dol.gov to report problems.

This fact sheet has been developed by the U.S. Department of Labor, Employee Benefits Security Administration, Washington, DC 20210. It will be made available in alternative format to persons with disabilities upon request. Voice phone: 202-693-8664; Text telephone: 202-501-3911. In addition, the information in this fact sheet constitutes a small entity compliance guide for purposes of the Small Business Regulatory Enforcement Fairness Act of 1996.