

IT'S MONEY, NOT JOURNALISM
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On primetime network news this week, I prepared myself for a major exposé. The anchor lady interviewed the mom of a fallen veteran about her son's heroic death, sacrificing himself for his comrades. She explained how the representative from the military came by to discuss who would receive the death benefit from the soldier's government insurance policy. The grieving mom was presented with several options on how this sizeable benefit would be paid. She chose a lump sum payment.

It was reported that, instead of a check for that amount, she received a checkbook with a statement of the account balance and instructions on how to use the checks to withdraw the funds. While they remained on deposit with the insurance company, the beneficiary would be earning a small amount of interest on the funds. The "exposé" covered the mom discovering that the "checks" could not be "verified", and the account was not FDIC insured.

In a further "exposé", it was reported that the insurance company was actually investing the funds at a higher interest rate than they were paying to the account, making money off the fallen soldier's benefit. It was all delivered professionally with the proper amount of dignity, respect for the fallen, and mild outrage at the callousness of the big insurance company.

Too bad it wasn't real journalism.

When I lost a spouse to cancer, I had an opportunity to experience first-hand how this works. In my situation, the death benefit was deposited in an interest-bearing "checking" account with the insurance company, and I received statements and instructions on how to use my "checkbook". I thought I'd just get a check, so I asked questions. I found that this is a fairly standard practice. I found that the checks couldn't be verified because the insurance companies are not allowed to operate "checking accounts" but when I wrote a check, it deposited and cleared like any other check. I found that the account wasn't FDIC insured because the FDIC only insures banks. Most insurance companies insure themselves or use specialized commercial underwriters. Which brings us to the source of the "journalistic outrage" concerning the interest paid.

You make money by buying low and selling high. Lowe's buys a light fixture for \$6 and sells it for \$8. Food Lion buys Cheerios for \$2.50 and sells it for \$2.95. That's how they make a living. At the bank, you deposit money in a savings account and the bank pays you 3%. They take that same money and loan it to Joe Blow to buy a car and charge him 9%. They make a profit. All business works this way.

Before you get all up in the air about the evil insurance company taking advantage of the dead soldier's family, remember a few things. First, the beneficiary could have written one check for the entire amount and moved it to a savings or investment vehicle of their choice at any time. Or spent it. In my case, I wrote several checks to different parties as I took care of my wife's affairs. All the checks were immediately credited and cleared within 2 days.

Second, anyone who has insurance is participating in this same scheme. Your premiums aren't sitting in a vault somewhere waiting for you to die, have an auto accident, or for your house to get hit by lightning. They are invested in mutual funds, real estate, and every other imaginable investment tool. Yes, the insurance companies make billions from their investments. It's the only way they can be solvent enough to pay the catastrophic claims they are presented with.

It's also how they pay dividends to their stockholders, which may be you if you have IRA or 401k money in a mutual fund. The insurance company in this story is conducting legal business as usual. As a consumer, you should take advantage of the competitive free market and shop for the best price on insurance – just like you do for Cheerios.

What is the bigger picture? What's the big deal? Why the outrage? The fact is, everything you hear or see in the media is not necessarily so. Shocker.

Big, evil BP destroyed the ecology of the Gulf Coast through an incident caused by negligence and greed. Oh wait, this just in: the oil well is capped, the oil slick was gone 3 years before the media said it would be, and BP paid millions in damages to those who suffered because of this accident – without the government making them do it.

That heartless governor in Arizona signed that law that discriminates against “undocumented workers” and promotes racial profiling against the will of the people. Oh wait, this just in: some 66% of Arizonans approve of the law that already passed the state house and senate. And it’s not a new law. It only adopts the law the Federal government already has in effect.

We hear hourly reports of the casualty figures from Iraq and Afghanistan, but we never hear about how many schools and hospitals are built, water plants and electric systems repaired or improved, dams and canals built. And notice that there hasn’t been a repeat of 911 on our soil. Our people there are making a positive difference, but you won’t hear about it in the mainstream media.

News outlets are a business like any other. They have a product to sell. It’s sad to say that good news doesn’t sell very well. Unless it’s a donkey down a well, or a drunk woman stuck in between the walls of two buildings. Most people won’t buy the news if it simply says, “Hey, things are going pretty good, on average.”

I applaud our local news outlets for their fair, factual, balanced reporting of the news, but we cannot rely on the mainstream media to give us accurate, unbiased coverage all the time. Actually, almost none of the time. When elections come up, when decisions have to be made, when social injustices need to be righted it’s time to dig a little, and learn the difference between impartial journalism and social engineering propaganda.

It’s time to put our thinking caps on and do the right thing.