

Arkansas Insurance Department

Mike Beebe
Governor



Julie Benafield Bowman
Commissioner

DIRECTIVE NO.: 2-2008

TO ALL LIFE INSURANCE AND ANNUITY COMPANIES, LIFE/ANNUITY PRODUCERS, TRADE ASSOCIATIONS AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: ADVERTISEMENTS BY LIFE/ANNUITY PRODUCERS

DATE: SEPTEMBER 11, 2008

The Arkansas Insurance Department has received several complaints and inquiries regarding advertisements by life and annuity producers. The Department reminds producers that Arkansas Insurance Department Rule 17 applies to all advertisements by insurance producers licensed in Arkansas involving in any way the sale, solicitation, negotiation, or procurement of life insurance, including annuities, occurring in Arkansas. In addition, producers need to be aware that all advertisements must also be in compliance with the Arkansas Trade Practices Act and specifically with the provisions in Ark Code Ann. §23-66-206.

Advertisements include all printed material distributed by a producer, including but not limited to, announcements of educational seminars, invitations to seminars, and invitations to lunches and dinners, even if a specific product will not be discussed at these functions. Pursuant to Rule 17, a producer is required to identify the insurer or insurers and the policy forms in all advertisements. With regard to seminars, lunch and dinner meetings and similar functions, the producer should identify every insurance company with which he is appointed unless the function is limited to the products offered by only one insurance company. In those situations, the advertisement must only identify that one insurer.

If the advertisement or materials, including those used in a presentation, reference any specific policy provisions, such as a guaranteed interest rate, policy forms and insurance companies available to the producer that include that provision must be identified.

Any advertisement or materials not properly identifying the producer as a licensed insurance producer is considered to be in violation of the Insurance Code and Rule 17. All advertisements shall include the producer's Arkansas insurance license number identified as such. Producers may use the following language to comply with this requirement "Arkansas Insurance Producer License Number 123456". This information must be in the same type size used for the producer's name or telephone number. Advertisement shall include business cards, letterhead stationary, and any printed material distributed by the producer. This requirement shall apply to any material printed after the effective date of this Directive.

Producers should also take special notice of the provisions in Rule 17 Section 6. B. and Ark. Code Ann. §23-66-206 (15). Terms such as “financial planner”, “investment advisor”, “financial consultant”, “financial advisor” or other similar terms cannot be used if the producer is engaged only in the sale of life and annuity products. These terms or designations can only be used if the producer is properly licensed to use these designations. Any designation used to misrepresent the actual expertise of the producer in any subject matter will be considered a violation of the Arkansas Insurance Code.

Producers should also be aware that the use of any insurance company name and/or policy form number or other identifier in any advertisement may require prior approval of the advertisement by the insurance company. The unauthorized use of company information may be considered a violation of Arkansas Trade Practices Act.

All insurance companies are instructed to forward this Directive to all appointed Arkansas producers. Any questions regarding this Directive should be directed to the Legal Division of the Arkansas Insurance Department at 501-371-2820 or via e-mail at insurance.legal@arkansas.gov.

(signed by Julie Benafield Bowman)

JULIE BENAFIELD BOWMAN
ARKANSAS INSURANCE COMMISSIONER

(September 11, 2008)

DATE

QUESTIONS AND ANSWERS
DIRECTIVE 2-2008
LIFE AND ANNUITY ADVERTISEMENTS

- 1. Does this Directive apply to advertisements by Insurance Companies?***
No. This Directive applies to advertisements created and delivered by producers.
- 2. The Directive requires producers to include their Arkansas Insurance Producer License number. Can I abbreviate any part of this?***
Yes, it is acceptable to show this as AR Ins. Lic. #.
- 3. What if I represent numerous insurance companies? Am I required to list all of my company appointments on my advertisements?***
If the advertisement does not include any specific policy provision, you can list the companies that you intend to market through the advertisement or you may include a statement that the purpose of the advertisement is to promote and sell various insurance products.
- 4. Am I required to reprint my business cards and my letterhead to include my license number?***
No, the Directive only requires you to include your license number on these items when they are printed after September 11, 2008.
- 5. If an advertisement is distributed by an agency, is the agency required to list all of the license numbers of its producers?***
No, the license number of the agency is sufficient unless the ad mentions a specific producer.
- 6. What about my listing in the phone book. Am I required to have my license number on these listing?***
No, if you have no control over the content of the advertisement, your license number is not required. However, a yellow page ad that is under your control must include your license number.
- 7. My advertisement includes a specific policy provision, i.e. an interest rate. Am I required to list every company that I represent that has this provision?***
No. You may list only those companies and their corresponding policy forms that you will offer the public through the advertisement.
- 8. Does this Directive apply to credit life agents?***
No. Credit life is exempt from Rule 17 Section 4 that requires disclosures in advertisements.
- 9. What is the effective date of Directive 2-2008?***
The effective date for this Directive is September 11, 2008.