

Insurance Advertising Laws

by Dyanne Weiss, Demand Media



Insurance advertising and brochures aimed at seniors receive close scrutiny from state regulators.

Insurance is a heavily regulated industry. Each state has extensive laws and guidelines for every aspect of selling insurance, making rates, underwriting, licensing agents, and paying claims. All states publish their advertising laws online. One other area that each state governs is insurance advertising. Insurance advertising laws apply to ads in publications, on radio, and on television. They also tightly control Web content, brochures and display materials.

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Reasons for Regulations

Advertising materials are regulated so insurers protect the public from fraudulent claims or implied inducements, comply with state laws, and include appropriate disclosures.

Particular scrutiny is given to insurance products geared toward seniors since they are more susceptible to being misled. In many states, these special requirements apply to long-term care coverage, life insurance and Medicare supplements. Many states, such as Texas, require prior approval for advertising materials for some senior products, such as Medicare supplements, at least two months before the materials are distributed.

Regulations on Wording

All states ban advertisements that include untrue, deceptive or misleading claims. Several state have laws about promoting tax benefits.

Most states have rules on advertising premium savings. For example, Massachusetts doesn't let insurance companies claim that every driver who switches to their company will save money. Companies get around this by talking about "average savings" and "average customers."

Michigan prohibits the terms "investment" and "savings," or any other terms that imply that an insurance policy is an investment.

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Audit Requirements

Insurers must keep copies of all marketing material and records on how they were disseminated that can be inspected by the Department of Insurance. The length of time that documents must be kept varies by state. In Texas, the requirement is at least three years. Michigan requires that the files be maintained four years or longer.

Missouri conducts a market analysis with credible information sources such as surveys, content from Web sites, and marketing materials. The state regulators compare what insurers are doing and look for practices that deviate significantly from the norm in advertising and related practices.

Regulations on Agents

There are also regulations on how insurance agents can market themselves and the companies whose products they offer. Insurers are supposed to maintain tight control over ads using their name, including any ads placed by their agents. Most require agents to have written approval from the insurer to use any ads and fliers, regardless of the type of insurance involved. For example, a life insurance broker having a seminar on "Women and Wealth" to talk about annuities, life insurance, and retirement planning needs to have the flier announcing the event approved by the insurance company. In some states, there are even requirements for what appears on an agent's business card. For example, California requires that an insurance agent's license number be printed on his business card in the same size as the address or phone number.

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Dyanne Weiss has more than 20 years experience in human resources and corporate communications. Her communications strategies' have aided employee engagement and understanding of health care benefits, retirement planning, performance planning and compensation. Weiss has also worked in several industries: energy, insurance, banking, financial planning and health care. She has an MBA in management and organizational behavior.

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