



Kansas Insurance Department

Sandy Praeger

COMMISSIONER OF INSURANCE

BULLETIN 2014-1

To: All Life Insurers Authorized to Transact Business in Kansas

From: Sandy Praeger, Commissioner of Insurance

Subject: Life Insurance and Annuity Advertising by Independent Marketing Organizations

Date: May 22, 2014

In February 2012, the Kansas Insurance Department issued Bulletin 2012-1 reminding life and health insurers of their responsibility for advertisements produced and distributed by third-party marketing entities. The purpose of the current Bulletin is to make clear that this responsibility applies to the marketing activities of third-party intermediaries most commonly known as Independent Marketing Organizations (IMOs) and Field Marketing Organizations (FMOs).

IMOs and FMOs are playing an increasingly important role in the marketing and distribution of life insurance and annuity products as well as in the recruitment, training, and education of producers. In many instances, advertisements and marketing material produced by IMOs and FMOs exhibit potential violations of K.A.R. 40-9-118 which is based on an NAIC life insurance and annuities advertising model regulation. Examples include:

- Failing to identify the insurer when promoting a specific product or product feature
- Using misleading, deceptive, and/or incomplete information intended for the general public in what appear to be bait-and-switch sales tactics
- Exaggerated and unsubstantiated claims regarding the benefits of a product
- Recruiting, training, and educating producers using misleading, deceptive, and/or incomplete material which is designed to be used for advertising to the general public

The Department expects insurers to treat this as a serious matter and to take appropriate steps to ensure compliance with K.A.R. 40-9-118 such as regular communications with IMOs and FMOs regarding advertising compliance requirements and to actively monitor IMO and FMO marketing and advertising activities including agent recruitment and training efforts. Failure to do so may lead the Department to take administrative action against any life insurer utilizing IMOs and FMOs employing unfair and deceptive methods to advertise and market that insurer's products.

Questions should be directed to Tate Flott, Kansas Insurance Department, 420 SW 9th Street, Topeka, Kansas 66612, by phone at 785-296-2076, or via email at tflott@ksinsurance.org