



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

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ADVERTISING AND SOLICITATION ISSUES

Authorized insurers, their agents and brokers, licensed rate service or advisory organizations and others are advised that Arkansas law and Department rules prohibit certain practices in insurance solicitations and advertisements which constitutes misrepresentations or which confuse and mislead Arkansas consumers. *See* Ark. Code Ann. §23-66-206, as well as Department Rules 11, 17 and 41 on solicitations or ads for disability (A and H), life, and medicare supplement policies respectively.

- i. *"The XYZ group of insurance companies is backed by surplus of a billion dollars"* –used to promote a product offered by a member company of XYZ group having only an actual surplus of a *million* dollars per its annual statement; OR
- ii. *"The ABC Insurance Company has paid over a million dollars in claims"* -- when the statistic actually reflects claim payments made for all policies of the insurer, not just those for the policy being promoted; and where the period of time during which those claim payments had been made is not specified and could indicate anything from a one-year to a ten-year loss record.

Some Arkansas advertisements emphasize insurer ratings from commercial rating organizations or figures on insurer or group financial size, strength or stability published by business organizations which evaluate and publish such figures, rather than stressing the benefits, conditions, limitations and exclusions of the policy for sale in this State. I will expect licensed insurers' Arkansas ads and other solicitation to explain ratings or other statistics in the proper context with qualified language; to explain for the consumer's benefit what any rating organization's ratings actually mean; to specify the entire range of ratings provided by the rating organization on the policy or contract cited in the advertisement; and to give equal prominence to policy benefits and to ratings and rating caveats.

Insurers will be held strictly accountable for failure to comply with this Bulletin, our Code, and rules provisions, and will be required to reform the language of any noncomplying solicitation or advertisement. This Bulletin is *not* intended to apply to insurers' national ad campaigns which are repeated in Arkansas by various media but which were not specifically designed for or intended solely to be aired to an Arkansas audience.

Insurers are directed to send copies of this Bulletin to all affected agents and brokers, employees, and public relations firms. Direct your inquiries to Ronald L. Sheffield, Deputy Commissioner, at (501)686-2900.

Lee Douglass
INSURANCE COMMISSIONER