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REGULATORY BULLETIN 2008-07¹

To: Insurers Selling Life Insurance or Annuities and Insurance Producers Transacting Life and Annuity Business in Arizona

From: Christina Urias
Director

Date: November 24, 2008

Re: **Improper Use of Producer Titles and Designations Targeting Senior Consumers**

The purpose of this bulletin is to advise all insurance producers of the possibly misleading or unlawful use of specific designations or titles in the marketing or sales of individual life insurance and annuity products. Recently, there has been a significant increase in producers' use of "senior" or "retirement" specific designations and titles in marketing these types of products. In response to concerns about these practices, on September 24, 2008, the National Association of Insurance Commissioners (NAIC) adopted the "Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities" which establishes standards for the sale or solicitation of life insurance and annuities. Although the Department of Insurance does not have immediate plans to adopt the model regulation, it provides useful guidance for producers and insurers alike.

Individuals selling individual life and annuity products, particularly to seniors, often boast designations and credentials that use terms such as "certified," "accredited," "retirement planner," "senior advisor" or "senior consultant." Some of these designations are misleading because they lead seniors to reasonably infer that the producer took and/or passed special courses or examinations and that the designation or title signifies expertise in seniors' financial matters when, in fact, the producer has no such expertise. Frequently, there are little or no education requirements attached to many of the most commonly used designations of this sort. The model regulation prohibits the use of such senior-specific certifications or professional designations when producers interact or advise seniors in life insurance and annuities purchases, unless the producer actually earned (and is otherwise eligible to use) the certification or designation.

Regardless of whether producers are marketing to seniors or any other consumers, producers who misrepresent their level of expertise in marketing and sales activities may be subject to disciplinary proceedings under Arizona Revised Statutes, including but not limited to, A.R.S. §§ 20-443 and 20-295 and Arizona Administrative Code R20-6-209(D)(3). Insurers that allow their producers to use misleading designations may also be subject to regulatory action.

¹This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.

Please direct any questions related to this Regulatory Bulletin to Steven Fromholtz, Licensing Supervisor, (602) 364-4457 or sfromholtz@azinsurance.gov