

**Vermont Department of Financial Regulation
Insurance Division Bulletin 173**

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Advertising Done by or on Behalf of a Legal Entity Engaged in the Business of Insurance

It has come to the Department's attention that there are producers and/or insurance companies doing business with third party vendors to help generate sales leads. The purpose of this bulletin is to provide licensees with guidance concerning the Vermont Department of Financial Regulation's position concerning advertisements, including advertisements which are sent for the purpose of generating sales leads, placed by or on behalf of a legal entity engaged in the business of insurance.

Title 8 V.S.A. § 4724 deems it an unfair trade practice to misrepresent or falsely advertise an insurance policy, and specifically prohibits the making, publishing, disseminating, circulating or placing before the public or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, in the form of a notice, circular, pamphlet, letter or poster or over any radio station or television station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any person in the conduct of his business which is untrue, deceptive or misleading.

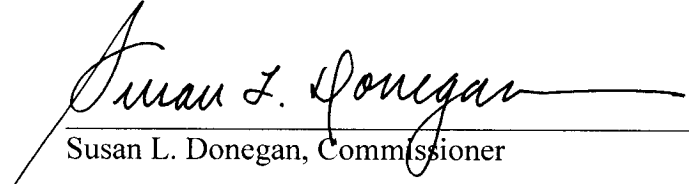
Other methods of advertising include, but are not limited to, email advertisements and advertisements placed on social media.

Accepting business from or contracting with or continuing contractual relations with a person whom the legal entity engaged in the business of insurance knows or should have reason to know is repeatedly committing deceptive or unfair acts or practices prohibited by Title 8, Vermont Statutes Annotated, constitutes an unfair trade practice. See 8 V.S.A. § 4724(18).

It is the Department's position that advertisements sent by an insurance producer and/or an insurance company, or on behalf of an insurance producer and/or an insurance company, that fail to identify the product being sold and the identity of the insurance producer and/or the insurance company, or that fail to disclose in a conspicuous manner that a purpose of the marketing is solicitation of insurance and/or that contact will be made by an insurance producer or insurance company, or that imply will be deemed to be untrue, deceptive and misleading, will be considered an unfair trade practice on the part of the insurance producer and/or insurance company and will constitute a violation of 8 V.S.A. §4724.

Broker-dealers, agents, investment advisers, and investment adviser representatives are reminded that their conduct related to the offer and sale (including advertising) of variable insurance products is also governed by the Vermont Uniform Securities Act (9 V.S.A. Chapter 150)

Insurers are also reminded that Regulation H-2009-04 requires that insurers file for approval of any Medicare supplement advertisement intended for use in this state whether through written, radio or television medium with the Commissioner. This requirement applies to advertisements made, published, disseminated, circulated or placed before the public by or on behalf of an insurer.


Susan L. Donegan, Commissioner