

## ***EquiTrust Life Insurance Company***

7100 Westown Pkwy Suite 200, West Des Moines IA 50266-2521

To: Resident and Non-Resident Agents in California

Date: August 18, 2004

Re: Marketing and Advertising Requirements of California Senate Bill 620

California Senate Bill 620 imposes additional requirements on advertising practices that target senior citizens. Unless otherwise noted, California defines senior citizens as persons age 65 and older. The following is a reminder of your responsibilities when marketing to seniors in California.

### **Advertisements:**

Any advertisement or other device created to produce leads based upon a response from the potential client must prominently disclose that an agent may contact the applicant. Any agent making contact with a person as a result of acquiring that person's name from a lead-generating device must disclose the fact in initial contact with that person.

Agents may not solicit business using a true or fictitious name which is misleading to the senior and may not use advertisements that are misleading in nature.

Advertisements include envelopes, stationary, business cards, or other materials designed to describe and encourage the purchase of a product. Business cards, written price quotations, and print advertisements must include the agent's license number in the same size type as any phone or fax numbers. Effective 1/1/05, Business cards, written price quotations, and print advertisements must include the word "Insurance" in the same size type as any phone or fax numbers.

Advertisements may not reference words, letters, initials, symbols or other devices that are similar to those used by government agencies, nonprofit organizations, charitable institutions, senior organizations, or other organizations which could confuse a senior consumer.

Advertisements may not imply that a senior could lose a right or privilege or benefits under federal, state or local laws for failure to reply to an ad.

Advertisements that claim a senior is entitled to reduced rates or special privileges when the contract will be issued the same as if it were sold on an individual basis at regular rates is prohibited.

Advertisements for events where insurance products (including annuities) will be offered for sale which use the terms "seminar", "class", "informational meeting" or substantially

equivalent terms must also include the words “and insurance sales presentation” immediately following the identified terms in the same size font and text.

### **Marketing Considerations**

An annuity may not be sold to any senior in which the senior’s purpose in purchasing the annuity is to effect Medi-Cal eligibility. While the state of California allows for exceptions to this rule, please note that EquiTrust Life does not.

Any agent meeting with a senior in the senior’s home is required to deliver a notice in writing to the senior no less than 24 hours prior to the initial meeting. If the senior has an existing insurance relationship with an agent and requests a meeting with the agent in the senior’s home the same day, a notice must be provided to the senior prior to the meeting. The notice must be in 14-point type and must include the following (with appropriate information filled in):

1. During this visit or follow-up visit, you will be given a sales presentation on the following (indicate all that apply):
  - a. Life insurance, annuities
  - b. Other insurance products (specify)\_\_\_\_\_
2. You have the right to have other persons present at the meeting, including family members, financial advisors or attorneys.
3. You have the right to end the meeting at any time.
4. You have the right to contact the Department of Insurance for information, or to file a complaint. (The notice must include the consumer assistance telephone number(s) for the California Insurance Department).
5. The following individual(s) will be coming to your home: (list all attendees and insurance license information)

Once the agent arrives at the senior’s home, the agent must, before making any statement other than a greeting, state that the purpose of the contact is to talk about insurance, or to gather information for a follow-up visit to sell insurance and state all of the following:

1. The name and title(s) of all persons arriving at the senior’s home.
2. The name of the insurer represented by the person, if known.

Each person attending the meeting at a senior’s home must provide the senior with a business card or other written identification stating the person’s name, business address, telephone number, and any insurance license number.

The persons attending a meeting at the senior’s home must end all discussions and leave the senior’s home immediately if asked to leave by the senior.

A person may not solicit a sale of an annuity or life insurance policy at the residence of a senior, in person or by telephone, by using any plan, scheme or ruse that misrepresents the true status or mission of the contact.

### **Unnecessary Replacements**

Agents and insurers are prohibited from recommending the replacement or conservation of an existing policy by use of a materially inaccurate presentation or comparison of an existing contract's premium and benefits or dividends and values, if any, or recommending that a senior purchase an unnecessary replacement annuity.

California defines "unnecessary replacement" as the sale of an annuity to replace an existing annuity, requiring the Owner to pay a surrender charge for the annuity being replaced, and that does not offer a substantial financial benefit over the life of the policy to the purchaser, so that a reasonable person would believe that the purchase was unnecessary.

Patterns of actions by policyowners who purchase replacement policies from the same agent after indicating on applications that replacement was not involved in the sale, constitutes a rebuttable presumption of the agent's knowledge that replacement was intended in connection with the sales of those policies and the agent's intent to violate this rule.

If you have questions about the above, please feel free to contact Sales Support at 866-598-3694.