

2790.0500 DECEPTIVE WORDS, PHRASES, OR ILLUSTRATIONS.

Subpart 1. **General prohibition.** No advertisement or representation, written or oral, may omit information or use words, phrases, statements, references, or illustrations if the omission of the information or use of the words, phrases, statements, references, or illustrations has the capacity, tendency, or effect of misleading or deceiving purchasers or prospective purchasers as to the nature or extent of any policy benefit payable, loss covered, or premium payable. The fact that the policy offered is made available to a prospective insured for inspection prior to consummation of the sale or an offer is made to refund the premium if the purchaser is not satisfied does not remedy misleading statements.

Subp. 2. **Coverage terms.** No advertisement may contain or use words or phrases such as "all," "full," "complete," "comprehensive," "unlimited," "up to," "as high as," "this policy will help pay your hospital and surgical bills," "this policy will help fill some of the gaps that Medicare and your present insurance leave out," "this policy will help to replace your income," when used to express loss of time benefits or similar words and phrases, in a deceptive or misleading manner so as to exaggerate any benefits beyond the terms of the policy.

Subp. 3. **Statements regarding tax benefits.** An advertisement must not state a policy's benefits are tax-free unless an explanation of the rules applicable to the taxation of these types of policy benefits are clearly shown with equal prominence and in close conjunction with the statement. An advertisement of a benefit for which payment is conditioned upon confinement in a hospital or similar facility must not state that the benefit is tax-free.

Subp. 4. **Benefit terms.** An advertisement may not use the expressions "extra cash," "cash income," "income," "cash," or similar words or phrases in such a way as to imply that the insured will receive benefits in excess of the expenses incurred while being sick, injured, or hospitalized.

Subp. 5. **Payment terms.** The words "free," "no cost," "without cost," "no additional cost," "at no extra cost," "without additional cost," or words of similar import, may not be used with respect to any benefit or service being made available with the policy unless true and accurate. An advertisement may specify the charge for a benefit or a service or may state that a charge is included in the premium, or use other similar language.

Subp. 6. **Dividends.** Dividends are a return of premium and it is misleading and deceptive to refer to them as being tax-free, or to use words of similar import, unless they are used within an instructive context and the nature of dividend as a return of premium is clearly indicated.

Subp. 7. **Dread disease policies.** A policy covering only one disease or a list of specified diseases must not be advertised so as to imply coverage beyond the terms of the

policy. A particular disease shall not be referred to in more than one term so as to imply broader coverage than is the fact.

Subp. 8. **Policy limitations.** The benefits of a policy which pays varying amounts for the same loss occurring under different conditions or which pays benefits only when a loss occurs under certain conditions, must not be advertised without disclosing the limitations or reductions under which the benefits referred to are provided by the policy.

Subp. 9. **Maximum benefits.** The maximum benefit available under a policy must not be emphasized in a manner which exaggerates its relationship to any internal limits or other conditions of the policy. Phrases such as "this policy pays \$1,800 for hospital room and board expenses" are incomplete without indicating the maximum daily benefit and the maximum time limit for hospital room and board expenses.

Subp. 10. **Aggregate benefits.** The aggregate amounts or the monthly or weekly benefits payable under coverage such as hospital or similar facility confinement indemnity or private duty nursing must not be emphasized unless the actual amounts payable per day are disclosed with substantially equal prominence and in close conjunction with the statement. Any limitation or reduction in the policy and the number of days of coverage provided must be disclosed.

Subp. 11. **False statements regarding coverage.** An advertisement must not state or imply that each member under a family policy is covered as to the maximum benefits advertised when such is not the case.

Subp. 12. **Exaggeration of certain diseases.** The importance of diseases rarely or never found in the class of persons to whom the policy is offered shall not be exaggerated in an advertisement.

Subp. 13. **Benefit examples.** Examples of what benefits may be paid under a policy must be shown only for losses from common illnesses or injuries rather than exceptional or rare illnesses or injuries.

Subp. 14. **Benefit clarification.** When a range of hospital room expense benefits is set forth in an advertisement, it must be made clear that the insured will receive only the benefit indicated in the policy purchased. It must not be implied that the insured may select a room expense benefit at the time of hospitalization.

Subp. 15. **Benefit increases at time of disability.** An advertisement must not imply that the amount of benefits payable under a loss-of-time policy may be increased at time of disability according to the needs of the insured.

Subp. 16. **Misleading payment claims.** An advertisement must not state that the insurer "pays hospital, surgical, medical bills," "pays dollars to offset the cost of medical care," "safeguards your standard of living," "pays full coverage," "pays complete coverage," "pays for financial needs," "provides for replacement of your lost paycheck,"

"guarantees your paycheck," "guarantees your income," "continues your income," "provides a guaranteed paycheck," "provides a guaranteed income," or "fills the gaps in Medicare," or use similar words or phrases unless the statement is literally true.

Subp. 17. **Premium levels.** An advertisement shall not state that premiums will not be changed in the future unless such is the fact.

Subp. 18. **Deductibles.** An advertisement which states dollar amounts of benefits payable and premiums must clearly indicate the provisions of any deductible under a policy.

Subp. 19. **Other insurance.** If a policy contains any of the following or similar provisions, an advertisement referring to the policy must not state that benefits are payable in addition to other insurance unless the statement contains an appropriate reference to the coverage excepted:

- A. an "other insurance" exception, reduction, limitation, or deductible;
- B. a "coordination of benefits" or "nonduplication" provision;
- C. an "other insurance in this company" provision;
- D. an "insurance in another insurer's" provision;
- E. a "relation of earnings to insurance" provision;
- F. a workers' compensation, employer's liability, occupational disease law, or automobile no-fault exception, reduction, or limitation;
- G. a reduction based on social security benefits or other disability benefits; or
- H. a Medicare exception, reduction, or limitation.

Subp. 20. **Immediate coverage or guaranteed issuance.** An advertisement may refer to immediate coverage or guaranteed issuance of a policy only if suitable administrative procedures exist so that the policy is issued within a reasonable time after the application is received.

Subp. 21. **Premium increases or premium reductions.** If an advertisement indicates an initial premium which differs from the renewal premium on the same mode, the renewal premium shall be disclosed with equal prominence and in close conjunction with any statement of the initial premium. Any increase in premium or reduction in coverage because of age shall be clearly disclosed.

Subp. 22. **Preexisting conditions.** An advertisement must not state that the policy contains no waiting period unless preexisting conditions are covered immediately or unless the effect of preexisting conditions is disclosed with equal prominence and in close conjunction with the statement.

Subp. 23. **Age limits.** An advertisement must not state that no age limit applies to an insured or applicant unless application from applicants of any age are considered in good faith, and the statement clearly indicates the date or age to which the policy may be renewed or that the company may refuse renewal.

Subp. 24. **Health provisions.** An advertisement shall not state that no medical, doctor's, or physical examination is required or that no health, medical, or doctor's statements or questions are required or that the examination, statements, or questions are waived or otherwise state or imply that the applicant's physical condition or medical history will not affect the policy unless:

A. the statement indicates with equal prominence that it applies only to the issuance of the policy or to both the issuance of the policy and the payment of claims; and

B. preexisting conditions are covered immediately under the policy or the period of time following the effective date of the policy during which preexisting conditions are not covered is disclosed with equal prominence and in close conjunction with the statement.

Subp. 25. **Limited accident and health policies.** An advertisement of a limited accident and health policy must prominently indicate that the policy provides limited coverage with an appropriate statement such as "this is a cancer only policy" or "this is an automobile accident only policy," "this is an accident policy only – this policy does not allow coverage for sickness," "this policy provides dental insurance only."

Subp. 26. **Exceptions, reductions, or limitations.** An advertisement must not set out exceptions, reductions, or limitations from a policy worded in a positive manner to imply that they are beneficial features such as describing a waiting period as a benefit builder. Words and phrases used to disclose exceptions, reductions, or limitations shall fairly and accurately describe their negative features. The words "only," "minimum," "just," "merely," or similar words or phrases must not be used to refer to exceptions, reductions, or limitations.

Subp. 27. **Misleading cost statements.** An advertisement must not state or imply, or use similar words or phrases to the effect that because no insurance agent will call and no commissions will be paid to agents, the policy is a low cost plan, unless literally true.

Subp. 28. **Awards.** Devices such as a safe driver's award and other such awards must not be used in connection with an advertisement, except advertisements for property and casualty insurance.

Subp. 29. **Applications.** An advertisement must not use an application which is deceptively similar to paper currency, bonds, or stock certificates.

Subp. 30. **Mandated benefits.** An advertisement must not exaggerate the effect of statutorily mandated benefits or required policy provisions or imply that these provisions are unique to the advertised policy.

Subp. 31. **Statements of coverage.** An advertisement must state clearly the insurance coverage being offered.

Subp. 32. **Medicare supplement policies.** An advertisement which refers to a policy as being a "Medicare supplement" policy must, in addition to the other disclosure requirements required by law, comply with the following requirements:

A. contain a prominent statement indicating which Medicare benefits the policy is intended to supplement, for example, hospital benefits; and which Medicare benefits the policy will not supplement, for example, nursing home benefits; and must clearly disclose any gaps in Medicare coverage for which the policy does not provide benefits;

B. clearly indicate the extent and amount of the benefits if the policy benefits are on an expenses-incurred basis beyond what Medicare covers;

C. clearly indicate the classification of the Medicare supplement coverage being offered by the policy as defined by Minnesota Statutes, section 62A.31;

D. must not imply or state that the policy is in any manner related to the federal Medicare program or any other governmental program.

Subp. 33. **Federal program information.** An advertisement which offers to provide information concerning the federal Medicare program or any related government program or changes in the program must:

A. include no reference to the program on the envelope, the reply envelope, or on the address side of the reply postal card, if any;

B. include on any page containing a reference to the program an equally prominent statement to the effect that in providing supplemental coverage the insurer and agent involved in the solicitation are not in any manner connected with the program;

C. contain a statement that it is an advertisement for insurance or is intended to obtain insurance prospects;

D. prominently identify the insurer or insurers which will issue the coverage; and

E. prominently state that any material or information offered will be delivered in person by a representative of the insurer, if that is the case.

Statutory Authority: *MS c 60A; 72A*

History: *9 SR 175; 17 SR 1279*

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