

SEMINAR SELLING Tips for Suitable Sales

NAFA spends a great deal of time meeting with regulators and attending Regulatory and Legislator Conferences. We often hear anecdotal stories about annuity marketing and as we worked with the NAIC Suitability Model Working group throughout 2010 a theme began to emerge around Annuity Seminars and the complaints that have been logged by consumers. NAFA's Education Committee has produced Advertising and Suitability Principle Papers and we'd like to share with you specific tips of the trade for compliant seminars.

Seminar selling, sometimes called free lunch seminars by state insurance departments, and the use of lead generating material are under increasing scrutiny of regulators. It is often the first place a regulator will uncover non-compliant and in some cases illegal selling activities. When you advertise or promote the seminar the first and perhaps most important disclosure is to inform the audience that you are a licensed insurance agent, a registered representative or both and that insurance and annuity products may be discussed or offered for sale either at the seminar or in a follow up meeting . As with any advertisement, you may not use materials that contain exaggerated or misleading claims, or that are intended to pressure the consumer into making an immediate decision. Any reference in any material that suggests the involvement of any regulatory or governmental agency, or any organization that focuses on seniors is prohibited.

WHAT IS A SEMINAR

NAFA, its members, and the regulators define seminars very broadly. A seminar includes any event (dinner, coffee, lunch, round table) held for the public (either by invitation or general admission) where you are involved as a speaker, an organizer or a facilitator. This definition includes some client appreciation events. Any event in which a presentation is given to more than one client or prospect is considered a seminar and all materials must be submitted for advertising review to the carrier or carriers whose product you will present either at the seminar or in private meetings that follow. If you are using a seminar selling program or working with another marketing organization, do not assume the material has been approved. **Make sure** they have been approved. Many an unwary producer has been told the seminar "is approved" only to find out that approval was not for the products you will be discussing or remains approved. Because state laws and legislation can change, don't assume a seminar given or "approved" previously is still compliant. It may very well be and won't require any changes, but take the extra time (it will save you time and money in the long run) to submit it again to ensure you have the most up-to-date compliant promotion and presentation materials.

WHAT MATERIAL SHOULD BE INCLUDED?

The material you should submit includes advertisements, mailers, emails or telephone scripts that invite consumers to attend a seminar as well as all presentation materials (PowerPoint files, slides, overheads, etc.) and any other handouts that will be distributed to consumers. Make sure you receive approval **PRIOR TO USE and before you HOLD OR ADVERTISE THE SEMINAR.**

In addition to your presentation and handout materials, make sure you submit your script to ensure that you do not fall afoul of the state's advertising, disclosure, investment advisory laws. Once approved, remember to stay ON SCRIPT. Regulators have been known to attend a seminar in person and wait for an enthusiastic presenter to go off script and inadvertently violate a state insurance law.

If you revise any approved seminar material, the revised pieces will need to be submitted for review and approval prior to use.

Seminar materials are typically approved for some period of time (e.g., six or twelve months) and vary by carrier. If you want to continue using the seminar material after approval has expired, you should resubmit the material for a current review.

TIPS FOR COMPLIANT PRESENTATIONS

Identify Yourself

All seminar presentations must include introductory slides that identify the presenter as a licensed insurance agent. Avoid using terms like "expert or specialist" to describe yourself. Do not call yourself and advisor or financial planner unless you hold that license or accepted designation.

Do Not Give Investment Advice

If you are an insurance-only licensed producer make sure you discuss the stock market in general terms including market risks and recent or historic economic activities that are generally known to the public and regularly discussed in public media. When discussing the balancing risk, diversification etc. that support an insurance position within a financial plan make sure to keep the discussion general and do not use specific market or security product examples or comparisons.

In any discussion about money that might be available to purchase annuities, make sure do not discuss specific financial products and that you emphasize that consumers should consider an annuity if they need to:

- protect their savings market risk;
- maintain tax deferred status;
- provide a lifetime income stream;
- earn a guaranteed interest rate;

Ask your audience to consider their potential emergency or urgent needs and where money to fund those needs is located outside the annuity.

Be Complete & Professional

Do not make statements that:

- contain omissions of material information which are likely to result in an incomplete understanding of the subject or a misdirection of the audience.
- make false, unfair, or incomplete comparisons to other financial products.
- refer to a state guaranty association or state guaranty fund as an inducement to purchase an insurance product or that the contract or insurer is affiliated with a government entity.
- disparage competitors.
- Do not describe annuities as “risk-free” or as a “savings account,” “savings plan,” “retirement plan,” “private pension plan,” “investment,” “investment account,” or “side fund.”

Keep Good Records

Make sure that you maintain all of your seminar advertising, promotion, presentation materials and handouts in a file in your office for at least six years.

This file should also include:

- Documentation of in insurance company approval
- The dates, times and locations for each seminar
- A list of the names and addresses of all attendees

Complaints and regulator inquiries are time consuming and costly to resolve. Most NAFA member carriers and marketing organizations have pre-approved presentation materials or examples of compliant seminar materials. NAFA strongly suggests that you take advantage of the lessons and insights learned from the industry’s compliance experts before scheduling your next seminars. Seminars are a useful and educational tool to help promote the awareness and understanding of fixed annuities. Done right, they can be a valuable asset to your practice. Done wrong, they will disparage the annuity industry and could put you out of business.

For more tips on suitability, advertising and disclosure, visit www.nafa.com and click on EDUCATION.