

# Advertising Guidelines

## OVERVIEW

### I. Introduction

Security Benefit Life Insurance Company (SBL) created these Guidelines to assist you in developing materials used in the marketing and sale of SBL's annuities. These Guidelines are designed to assist you in the preparation of materials that accurately and appropriately represent SBL, our affiliate companies and our products.

These Guidelines may not cover every potential marketing situation. In such situations, our Marketing and Compliance team is available to consult with you. Also, bear in mind that these Guidelines are a starting point and while these guidelines include permissible terminology, SBL will consider the intended audience and will review the overall context of each piece. Accordingly, following these Guidelines is not an assurance that a piece will be approved for use.

Please also note that under your selling agreement with SBL and as required by law, all materials that reference SBL (or its parent or affiliate companies), its products, or that describe its products – even if SBL or the product is not named – must be submitted to SBL for review and approval before they may be used. You should also note that no individual other than SBL's designated Advertising Review Principals may approve marketing and sales material on behalf of SBL. SBL's approval is required prior to use of the material, regardless of product type, audience, and method of distribution. Once approved by SBL, a piece cannot be changed in any way, except for adding certain information specifically indicated to be permitted, e.g., a producer's contact information. This includes changing the type size or rearranging the disclosure.

**If the piece is changed, it must be resubmitted to SBL for review and approval.**

We strongly recommend submitting a script for a video, television or radio advertisement, or other filmed/recorded advertisement for review and approval prior to filming/recording. Failure to do so, coupled with revisions being necessary, could result in the need to re-film/re-record the advertisement.

It is vital to keep in mind that marketing practices for annuities are a constant focus of regulators. In many disputes, the insurance company's marketing practices along with those of its producers are central to the dispute. As such, it is imperative that SBL and its producers use marketing and sales materials that comply with all applicable laws.

### II. Examples of Advertising

For the purpose of these Guidelines, advertising is defined as any material designed to create public interest in SBL (or any affiliated company), its products, its producers, and any material designed to persuade the public to purchase, increase, modify, surrender, borrow on, reinstate, or retain a contract issued by SBL. Advertising includes material directed to the general public, a targeted group of consumers, a single consumer, professional advisors (such as CPAs and attorneys), and insurance producers and other financial professionals. Some examples of advertising include:

- Audio Recordings
- Brochures
- Business Cards
- Calculations
- E-mails
- Flyers
- Folders
- Illustrations
- Invitations
- Lead Cards
- Letterheads
- Magazine Ads
- Magazine Articles
- Needs Analysis
- Newsletters
- Newspaper Ads
- Newspaper Articles
- Podcasts/Recordings

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| <ul style="list-style-type: none"> <li>• Posters/Banners</li> <li>• Postcards</li> <li>• Presentations</li> <li>• Press Releases</li> <li>• Producer Training/Education Materials</li> </ul> | <ul style="list-style-type: none"> <li>• Product Fact Sheets/ Profiles</li> <li>• Prospecting Letters</li> <li>• Radio/Television Ads</li> <li>• Radio/Television Appearances</li> <li>• Seminars</li> </ul> | <ul style="list-style-type: none"> <li>• Telephone Directory Ads</li> <li>• Telephone/Telemarketing Scripts</li> <li>• Video Presentations</li> <li>• Websites</li> </ul> |
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Even if the material you are considering using does not seem to meet the definition of advertising, all material that can be reasonably expected to lead to the sale or attempted sale of an SBL annuity product must be submitted for review and approved prior to use. In addition, any and all materials using our logos or brand, or referencing SBL or any of its affiliated companies, its products, or features of its products, must be submitted for our review, even if the material does not seem to meet the definition of advertising or is not found in the examples listed above.

### III. Materials for Financial Professional Use Only

Although not adopted by every state, the NAIC Model Advertising Regulation generally does not differentiate between consumer pieces and financial professional-only pieces; many state insurance advertising laws adopt a similar standard. This means that recruiting material designed to interest producers in becoming appointed with SBL and any of its affiliate companies, training material on SBL products as well as sales concepts and ideas that are used in conjunction with the promotion, marketing or sale of SBL products, also constitute advertising. Accordingly, these materials must be submitted for approval prior to use.

One common question is whether advertising intended only for financial professionals must follow the same content guidelines as materials intended for use with consumers. Some content differences may be permitted due to the nature of this audience. Any material designed to generate interest in SBL or any of its affiliated companies, its products, or features of its products, must nonetheless comply with these Guidelines and applicable regulatory requirements, regardless of the audience to which it is directed.

Any material that is not intended for use with the public must be clearly and conspicuously labeled “Financial Professional Use Only – Not for Use with Consumers.” Such material **must not** be used with the public.

### IV. Your Role

As part of our partnership with our producers, we rely on you to represent SBL with integrity and professionalism. Included in that reliance is your adherence to the regulatory requirements applicable to the marketing and sale of our products, and to these Guidelines. Specifically, we expect that you will maintain the following standards for any materials you use to market and sell our products:

- Discussions must be accurate, balanced, complete, and current and must not be misleading, or omit material facts and other information that is necessary to understand the product or product features. This means that any discussion of a product feature must also include a discussion of the conditions, limitations, or restrictions that must be satisfied to benefit from the product feature.
- Discussions must name and must set forth the underlying product or service that is being sold. This means if the material is selling an SBL annuity, you must name the specific annuity product and state the type of annuity being sold (e.g. fixed annuity, fixed index annuity, immediate annuity).
- Messaging must be consistent with SBL’s strategy and positioning of its products.
- Claims and statistical data must be substantiated (with citations where appropriate).
- Materials must be free of spelling, formatting and style errors.
- Statements of opinion must have a reasonable basis and must be presented as such rather than as facts.
- Intellectual property rights and related issues must be appropriately addressed.

### A. Accuracy and Truthfulness

- No aspect of the advertisement should be untrue, deceptive, misleading or create confusion in any way. This includes express statements that are untrue, deceptive, exaggerated, or misleading, as well as language, charts, diagrams, etc. that could cause consumers to reasonably draw an incorrect conclusion. For example, charts that use a steep line to show how the annuity value changes over time could cause consumers to incorrectly believe that the annuity credits high interest rates.
- Annuities issued by SBL must be identified as such, and no other terminology should be used to reference the annuities that would cause a consumer to fail to understand that the material is describing an annuity. For example, referring to annuities as “savings” without making specific reference to “annuities” is not permitted. Depending on the context, it may be appropriate to say annuities are one vehicle for your safe-money savings.
- The product being sold or promoted must have been approved in the state in which the advertisement will be used, or if the advertisement is for multi-state use, there is a clear indication that the product may not be approved in all states.
- Advertisements that describe non-guaranteed policy elements must make clear that the non-guaranteed policy element is not guaranteed and must also disclose the guaranteed element. For example, if the current interest rate is 4%, but the guaranteed minimum rate is 1%, the advertisement must not imply that 4% will be credited for the life of the annuity, and it must also disclose the guaranteed rate of 1% with at least equal prominence.
- If interest rates higher than those guaranteed are referred to or otherwise shown, they cannot be higher than those being currently credited.
- All calculations and illustrations must state that the amounts are not guarantees or estimates of amounts to be paid in the future.
- No illustration for any SBL product may be used unless it is generated from the SBL illustration software.

### B. Identity of Producer and Purpose of Contact

- For lead cards, prospecting letters and similar communications, the identity of the producer as a “licensed insurance agent” or “licensed insurance professional” must be clearly disclosed, and the stated purpose for the contact should include the discussion of annuity products. Telephone scripts used in conjunction with setting appointments must also contain such disclosure.
- Invitations, telephone scripts and appointment cards for seminars and workshops must also include the disclosures described above.

### C. Identity of the Insurer and Product (for any advertisement that references SBL, any of its affiliated companies, its products or product features)

- The name of the issuing company must be prominently included. While the trade name may be used, the full name must appear somewhere in the material and an explanation that the trade name refers to the issuing company must be provided.
- The use of the parent company’s name or the name of one of SBL’s affiliates must not be presented so as to mislead or deceive as to the true identity of the insurer or to create the impression that any entity other than the insurer is financially responsible for an annuity contract issued by SBL.
- If the advertisement refers to a product or its features/projected values, the contract type, product name and form number must be clearly and conspicuously identified.
- No combinations of words shall be used that could mislead prospective purchasers into believing that the solicitation is connected with or endorsed by any governmental agency or program.

## D. Use of SBL's Logo and Images

- Any use of SBL's company logo must be sent to us for review and approval prior to use
- No unauthorized use of SBL's logo or images obviously related to SBL, such as our home office building, will be permitted.

## E. Information about the Company

- Any information regarding the company's financial condition, asset size, and asset portfolio composition must be accurate and current.
- Any information regarding SBL's ratings must be accurate and current. Required disclosures as to the meaning of the ratings must be included.
- Discussion of SBL's risk-based capital (RBC) or RBC ratio may not be included in any material that might be used with consumers.

## F. Disclosures

- All advertising material that references projected values of SBL's annuity products must indicate clearly any elements that may affect such values including, but not limited to, surrender charges, cap rates, participation rates, spreads, market value adjustments, etc. Such disclosures must be in a font size that is easily readable.
- Any advertising material that references guaranteed elements or features must indicate whether the guarantee is subject to any requirements and conditions, and where disclosure of those requirements and conditions can be found.
- Any advertising material that discusses or references the tax aspects of SBL's annuity products, including, but not limited to, their deferred status must: (1) explain or cite the authority for such tax treatment; (2) contain a clear statement that the reference to tax treatment does not constitute legal or tax advice; and, (3) contain a clear statement that the consumer should consult their own legal or tax advisor for information regarding how the tax treatment may apply to them.
- If the advertisement is for an annuity product sold through an agency or producer soliciting annuity sales in a bank or other financial institution, the following disclosures must be included in the advertisement:  

Guarantees provided by annuities are subject to the financial strength of the issuing insurance company. Annuities are not FDIC or NCUA/NCUSIF insured; are not obligations or deposits of, and are not guaranteed or underwritten by any bank, savings and loan or credit union or its affiliates; are unrelated to and not a condition of the provision or term of any banking service or activity.

## G. Prohibited Statements and Words

- Statements that are patently false or misleading.
- Statements that are exaggerated or unwarranted.
- Statements that describe or attribute benefits that do not exist. For example, referring to a Home Healthcare Doubler feature as a long-term care benefit.
- Statements that fail to clearly identify the annuity product being advertised, including statements that may tend to confuse the viewer about the nature of the product being advertised.
- Statements that contain omissions of material information which are likely to result in an incomplete or erroneous understanding of the subject.
- Statements that make false, unbalanced or incomplete comparisons to other financial products.

- Statements that refer to a State Guaranty Association or State Guaranty Fund.
- Statements disparaging competitors, regardless whether such competitors are mentioned by name.
- Referring to an annuity as a “CD annuity” or “certificate of annuity”; “savings account,” “savings plan,” “retirement plan,” “investment,” “investment account,” “pension,” or similar wording;
- Describing an annuity as “risk-free.”

## H. Key Points to Understand

- The content of the material dictates the review requirement, not the audience. If the material promotes or markets our products and services, it requires review and approval regardless of the intended audience.
- Marketing messages need not be detailed or lengthy to be considered advertising:
  - For example, adding a promotional message – even one sentence – to an otherwise administrative letter to clients will require the material to follow the review and approval procedures.
  - Adding a slogan or tagline to your business email signature is advertising, and must be reviewed and approved prior to use.

To determine if a communication requires formal review consider whether the content or any part of the content:

- Mentions financial products and services (either generically or specifically)?
- Promotes the sale or purchase of SBL products or services?
- Creates public interest in, or is designed to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a product or service offered by or through SBL?
- Pertains to the company’s pricing, brand positioning, or sales strategies?

If the answer is “yes” to any of the above, the communication requires SBL’s review and approval.

## I. Social Media

Participation in electronic chat rooms, instant messenger conversations, or social media sites, such as Facebook, LinkedIn, YouTube, etc., for the purpose of discussing SBL’s products or services is not permitted under any circumstances for producers appointed with SBL.

## J. Expiration of Permissible Use

Due to the frequently changing regulatory environment applicable to annuity products, all approved sales material is assigned an “expiration date.” The expiration date is typically one year from the intended date of first use. If a different expiration date applies to a particular advertisement, that expiration date will be indicated in the approval given for the advertisement.

## K. Examples of Terms and Phrases

Following is a list of terms and phrases often found in annuity advertisements. These examples include both terms and phrases that are suggested for use and those that should be avoided.

Suggested Terms and Phrases	Terms and Phrases to Avoid
<b>Interest/earnings examples</b>	
Accumulates Interest	Earnings or growth
Potential to accumulate additional interest; interest potential	Earning potential, reduce or eliminate taxes
Potential interest linked	Potential earnings linked or growth linked
Potential for additional interest to be credited based, in part, upon index performance	Earnings, more earnings
Assuming no withdrawals, the Accumulation Value will not decrease, even if the S&P 500® Index declines	Money to enjoy earnings
	Rate of returns
	Without losses associated with a down market
Potential for interest to be credited based, in part, on the performance of an index	Potentially excellent rate of return
Accumulates interest	Grows
<b>Money/financial references</b>	
Annuity, money, policy premium, purchase payment	Account, investment, rewards, savings, deposit, plan, contribution, pension
<b>Product features/guarantees</b>	
Tax deferred	Tax-free
<b>Index references</b>	
Changes in an index	Performance of stocks
Linked, in part, to (an index)	Based upon (a stock index)
<b>Guarantees, safety, etc.</b>	
Provides minimum guaranteed contract value	Cannot lose money; can only make money, without risk of losing money
Flexibility	Without risk, growth without risk

## VI. Use of Professional Designations

Another topic under scrutiny by regulators recently is the use of professional designations. In particular, regulators have taken issue with certain designations used by financial producers that claim training and/or expertise in financial services designed for senior citizens. In some instances, the criteria to receive such a designation consisted of nothing more than paying a fee.

The only designations that are approved for use in advertisements for SBL's products are those issued by accredited educational institutions or professional societies that require completion of a thorough curriculum appropriate for the particular designation.

Examples of permissible designations include:

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| <ul style="list-style-type: none"> <li>Chartered Life Underwriter (CLU)</li> <li>Certified Financial Planner® (CFP)</li> <li>Chartered Financial Consultant (ChFC)</li> </ul> | <ul style="list-style-type: none"> <li>Life Underwriter Training Council Fellow (LUTCF)</li> <li>Chartered Advisor for Senior Living (CASL)</li> <li>Certified Public Accountant (CPA)</li> </ul> |
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Examples of prohibited designations include:

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| <ul style="list-style-type: none"> <li>Certified Annuity Advisor (CAA)</li> <li>Certified Annuity Consultant (CAS)</li> </ul> | <ul style="list-style-type: none"> <li>Certified Senior Estate Planner (CSEP)</li> <li>Chartered Senior Financial Planner (CSFP)</li> </ul> |
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Neither of the immediately preceding lists is exhaustive.

SBL may approve the use of other designations upon request. The following standards will be used in evaluating additional designations that are submitted for consideration.

1. Appointed producers may not use designations that are fictitious.
2. To use an approved designation, the producer must hold the designation and must have currently fulfilled all requirements for continued use of the designation. Producers may not use designations that were previously held, but which have either lapsed or have been revoked.
3. The use of any designation is subject to the requirements of federal and state law to the extent those requirements are more restrictive than those for the approved designation(s). Producers must comply with all laws, including state insurance and securities laws. Producers should familiarize themselves with the requirements of all states in which they solicit annuity sales.
4. All approved designations must have been conferred by an institution authorized by an accredited institution to issue the designation. Producers should consult with the conferring institution to confirm that accreditation requirements have been met. The U.S. Secretary of Education publishes a list of accrediting agencies (located at <http://ope.ed.gov/accreditation/>).
5. Certification and certificates that claim or imply expertise with respect to financial services and/or products offered to seniors will receive heightened scrutiny.
6. The following degrees may be used to the extent they have been conferred by an academic institution accredited by the U.S. Department of Education: M.B.A. and J.D.; for the following degrees, you must list the area of study if it was not related to financial services: M.A., M.S., PhD, B.A., and B.S.
7. Designations that do not directly relate to the sale of products or services offered by SBL cannot be used in the course of soliciting business on behalf of SBL, e.g., Chartered Property Casualty Underwriter (CPCU).
8. Examples of accredited institutions include: The American College, American Institute of CPA's, College for Financial Planning, Investment Counsel of America, National Association of Estate Planners and Counselors, Certified Financial Planning Board

## VII. Telemarketing

The Telephone Consumer Protection Act (TCPA) and other state and federal laws and regulations place strict limitations on certain telemarketing practices and impose significant penalties for violation. For that reason, the following practices are not permitted for producers doing business with SBL:

- Using an automated dialing machine. All telemarketing calls must be manually dialed and placed by a live caller. Do not use prerecorded voice messages.
- Advertising by text message.
- Sending unsolicited fax advertisements. You may only fax to a prospect with whom you have already spoken and who has requested information by fax.
- Engaging third-parties who employ any of the practices listed above.

Producers are also required to comply with federal and state Do Not Call (DNC) requirements, including maintaining policies and procedures for complying with DNC laws, and are prohibited from making sales calls to any telephone number that has been placed on the national DNC registry or state DNC lists. Prior to making a telephone call, you must ensure that the number is not listed on the national or state do-not-call lists. You are responsible for purchasing access to the national registry and any applicable state lists. You must also honor requests not to receive further calls.

Prior to submitting advertising material for review, the author/creator will be responsible for ensuring that the material is in the appropriate form for submission. This includes complying with these Guidelines as well as:

- General readability and/or understandability
- Proper grammar, punctuation, and diction (submissions with a substantial number of typos or errors will be returned to the author/creator without review)
- No erroneous, inaccurate, misleading, untruthful, or outdated information is included
- Verification of all statistical and rating information (supporting documentation for such information may be requested by SBL on a case by case basis)

As part of the submission process, the submitter must fully and accurately follow the Advertising Submission Review Process outlined on our web site. Failure to do so may result in delay or denial of approval of your advertisement(s).

If you have any questions concerning these guidelines or SBL's advertising policies and procedures in general, you may submit your questions to [Marketing.Review@SecurityBenefit.com](mailto:Marketing.Review@SecurityBenefit.com). For answers to questions concerning SBL's products and services, please contact your marketer.

As a final note, we strongly encourage you to review the state insurance laws and regulations for all states in which you solicit annuity sales.