

**Kansas Administrative Regulations**  
**Agency 40. Insurance Department**  
**Article 2. Life Insurance**

**40-2-14 Life insurance and annuities; deceptive practices; requirements; prohibitions.**

(a) This regulation shall apply to each solicitation, negotiation, or procurement of life insurance or annuities occurring within this state. This regulation shall apply to each authorized issuer of life insurance or annuity contracts. This regulation shall not apply to invitations to inquire about an insurance product if the invitations do not constitute a solicitation of insurance. The policy summary required by this regulation shall not apply to annuities, variable life insurance, life insurance policies issued in connection with pension and welfare plans subject to the employee retirement income security act of 1974, credit life insurance, or group life insurance.

(b) In selling life insurance or annuities, an agent shall, at the beginning of a solicitation, inform the prospective purchaser that he or she is acting as an insurance agent. Each applicant shall be furnished a policy summary at or before the time of policy delivery. For the purpose of this regulation, a policy summary means a written statement describing the elements of the policy. The summary shall include the following information:

(1) The name and address of the insurance agent or if an agent is not involved, the name, address and telephone number of the person designated to receive inquiries regarding the policy summary;

(2) the full name and home office or administrative office address of the company writing the life insurance or annuity policy;

(3) the generic name of the basic policy or contract and each rider;

(4) amounts, where applicable, for the first five policy years, the tenth and twentieth policy years, and for at least one age from 60 through 65 or at maturity as follows:

(A) The annual premium for the basic policy;

(B) the annual premium for each optional rider;

(C) the guaranteed amount payable upon death, at the beginning of the policy year, for all causes of death other than suicide, or other specifically enumerated exclusions. The guaranteed amount payable under the basic policy and each rider shall be listed separately;

(D) the total guaranteed cash surrender values at the end of the year with values shown separately for the basic policy and each rider;

(E) the cash dividends payable to the end of the year with values shown separately for the basic policy and each rider, except that dividends need not be displayed beyond the twentieth policy year; and

(F) the guaranteed endowment amounts payable under the policy which are not included under guaranteed cash surrender values above;

(5) (A) if a policy summary includes dividend illustrations, a statement that dividends are based

on the company's current dividend scale and are not guaranteed;

(B) if a policy summary includes interest rate illustrations, a statement that projected or assumed interest rates are based on current interest rates and cannot be guaranteed;

(6) the effective policy loan annual percentage interest rate, if the policy contains a loan provision. The policy summary shall state whether this rate is applied in advance or in arrears. If the policy loan interest rate is variable, the policy summary shall include the maximum annual percentage rate;

(7) the date on which the policy summary is prepared; and

(8) a statement to the effect that the presentation does not recognize that, because of interest, a dollar in the future has less value than a dollar today, unless the policy summary includes index figures which recognize the time-value of money. If index figures are included in the policy summary, the applicant shall receive written notification at the time the policy summary is delivered that those figures may be used only for comparing the relative costs of similar policies.

The policy summary shall consist of a separate document. All disclosure information required shall be set out in a manner that will not minimize or render any portion of it obscure. Amounts which remain level for two or more years may be represented by a single number if it clearly indicates what amounts apply to each policy year. Amounts in paragraph (4) of this subsection shall be listed in total. If multiple insureds are covered under one policy or rider, guaranteed death benefits shall be displayed separately for each insured, or for each class of insureds when death benefits do not differ within the class. Zero amounts shall be displayed as zero and shall not be displayed as a blank space.

(c) The following shall be deemed prohibited, unfair or deceptive acts or practices in the selling of insurance:

(1) Making a misrepresentation or false, deceptive or misleading statement;

(2) using comparisons or analogies or manipulating amounts and numbers in a way that will mislead the prospective purchaser concerning the cost of the insurance protection coverage;

(3) referring to an insurance premium as a deposit, an investment, a savings or the use of other phrases of similar import when referring to an insurance premium. This subsection shall not prohibit discussion of the savings values of a life insurance policy having cash values;

(4) describing the policy dividend as other than a refund or return of part of the aggregate premiums paid to the company, which is not guaranteed and which is dependent on the investment earnings, mortality experience and expense experience of the company; and

(5) recommending to a prospective purchaser the purchase or replacement of any life insurance policy or annuity contract with reasonable grounds to believe that the recommendation is unsuitable for the applicant on the basis of information furnished by this person, or otherwise obtained.

(d)(1) No annuity shall be advertised or solicited using any language in advertisements or solicitation material of any kind that refers to the annuity as being "risk free," or a similar connotation.

(2) At the time an application is taken for a single premium deferred annuity, the disclosure form prescribed by the commissioner shall be executed by the applicant and the selling agent and attached to the application.

(Authorized by K.S.A. 40-103, 40-2404a; implementing K.S.A. 40-2404 as amended by L. 1987, Ch. 171, Sec. 1; effective Jan. 1, 1974; amended May 1, 1981; amended May 1, 1982; amended May 1, 1986; amended May 1, 1987; amended May 1, 1988.)