



NAIFA Policy Statement: Regulation of the Use of Designations

Federal legislators and state regulators have raised concerns that senior citizens are being misled and harmed by the use of certain designations and certifications by insurance agents and advisors that may imply the existence of a level of expertise in senior affairs and financial matters that, in fact, does not exist. These concerns have been reported on by numerous outlets of the national media, including the *New York Times* and the *Washington Post*.

These types of allegations are potentially damaging to NAIFA members because they affect the reputation of all agents and advisors and could compromise the public's trust in insurance agents.

Since NAIFA is the leading agents and advisors organization, NAIFA's leadership decided that NAIFA could not – and should not – remain silent on this issue. Towards this end, the NAIFA Board has accepted the recommendation of the Policy Formation Subcommittee and has established NAIFA policy on this issue. The elements of this policy are as follows:

- 1 NAIFA strongly condemns all sales practices that are misleading to consumers, including the use of designations in a manner that implies the existence of a level of expertise in senior financial matters that does not exist.
- 2 In order to achieve uniformity, we are encouraging the NAIC to work in conjunction with the North American Securities Administrators Association (NASAA) to develop a model statute or regulation that would set in place a system or structure governing the use of designations. The model state legislation should require insurers and broker-dealers to monitor and supervise the use of designations by their agents and registered representatives.
- 3 Since NASAA has already issued a proposed draft model regulation for comment, the NAIC could either join the NASAA effort or develop its own model.
- 4 If the states do not act in a timely manner, NAIFA would support federal legislation directing a federal agency to develop or authorize the development of the system or structure to govern the use of designations.

- 5 NAIFA should work with regulatory entities to make available to NAIFA members summary factual information regarding currently-available designations.
- 6 The approach taken by NASAA in its proposed Model Rule on the Use of Senior Specific Certifications and Professional Designations is one possible way to arrive at NAIFA's goal of establishing a structure to achieve uniform state regulation of the use of designations. NAIFA has filed a comment letter with NASAA expressing general support for the NASAA proposal, as modified by the revisions suggested by the American College. This would result in a model regulation that:
 - Makes it unlawful to use a designation that indicates or implies special training in advising seniors in such a way as to be misleading.
 - Spells out various types of actions that are considered unlawful (such as using a designation when you haven't actually earned it; using a designation that implies a level of qualifications that you in fact do not have; using a designation obtained from an organization that appears to be an educational organization but is in fact a marketing organization.)
 - Permits the use of designations that are i) issued by accredited educational institutions or ii) meet the other standards of the rule and are accredited by ANSI, NCCA or any other accrediting organization approved by the regulator.
 - Specifically limits the scope of the model to designations that imply the holder has special training in advising seniors—i.e., those that use words such as “senior”, “retirement”, or “elder”.
- 7 NAIFA supports designations issued by regionally accredited educational institutions and will consider supporting designations conferred by other organizations and by other accredited educational institutions. NAIFA does not have any plans to develop or issue its own list of designations that NAIFA deems appropriate for use.