**Section 2002.APPENDIX A Guidelines**

**Section 2002.ILLUSTRATION L Guideline to Section 2002.70(a)(4)**

a) The words, phrases, illustrations and concepts listed are illustrations of the words, phrases, illustrations and concepts prohibited by the Part which create the impression of a profit or gain to be realized by the insured when hospitalized.

b) Any illustration which depicts paper currency or checks showing an amount payable is deceptive and misleading and is not permissible.

c) A hospital indemnity advertisement shall not include language such as "pay for a trip to Florida," "buy a new television" or otherwise imply that the insured will make a profit on hospitalization.

d) An advertisement which uses words such as "extra," "special" or "added" to describe any benefit in the policy is unacceptable.

e) Although the Part prohibits the use of the phrase "tax free," it does not prohibit the use of complete and accurate terminology explaining the Internal Revenue Service Rules applicable to the taxation of accident and sickness benefits. The IRS Rules provide that the premiums paid for the benefits received from hospital indemnity policies are subject to the same rules as loss of time premiums and benefits and are not afforded the same favorable tax treatment as premiums for expense incurred hospital, medical and surgical benefit coverages. (Rev. Rul. 68-451 and Rev. Rul. 69-154.) Prominence either by caption, lead-in, boldface or large type shall not be given in any manner to any statements relating to the tax status of such benefits.