

September 17, 2009

Via E-mail

Ms Jolie H. Matthews
Senior Health and Life Policy Advisor & Counsel, NAIC
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Dear Ms Matthews:

The National Association of Independent Life Brokerage Agencies (NAILBA) appreciates the opportunity to comment on the Suitability of Annuity Sales (A) Working Group's September 4, 2009 draft of proposed revisions to the NAIC Suitability in Annuity Transactions Model Regulation. NAILBA is the primary trade association for the independent insurance distribution channel, representing 350 small businesses that account for \$4 billion in annualized premiums. Our members distribute fixed, indexed, and variable annuities through their independent producers. Each of our member agencies employ an average of 13 full-time staff members.

Our industry is committed to conduct that is ethical, professional, and honorable. While we fully understand the need for appropriate annuity sales and marketing practices, and suitable recommendations for annuity purchasers, we have very significant concerns about the proposed revisions in the current draft.

In an effort to further discussion at the NAIC, we offer the following comments to highlight these concerns:

Section 6(E)(3) Insurers have historically retained supervisory responsibilities. Imposing similar responsibilities on brokerage general agents is redundant and unnecessary as they are not well-equipped to assume these responsibilities.

Section 8(A)(3) The relationship between an independent brokerage agency and an independent agent is not that of employer/employee, but rather agency/independent contractor. Agencies cannot be held accountable for the actions of their independent contractors. Subjugating independent agencies to this type of accountability could have significant negative tax implications for both the agency and the agent.

NAILBA believes consumers are best served by a competitive marketplace and the active and consistent enforcement of the current regulatory structure. Any proposals authored by the NAIC in the spirit of consumer protection must be careful not to impede the flow of transactions in the annuities marketplace.

We strongly encourage the Working Group to consider removing the draft language identified above for the reasons explained.

Regards,

Gary S. Dworkin, CLU, RHU
Chairman
National Association of Independent Life Brokerage Agencies (NAILBA)