

Washington D.C. SEC151a Fly In

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September 23, 2008

As American lawmakers wrestled with the largest bailout in US history, a select group of annuity marketing firms and life insurance carriers marched on Capitol Hill to defend the future of an industry. The Security and Exchange Commission (SEC) seeks to make Fixed Indexed Annuities (FIAs) a registered security and therefore, under their supervision.

As the SEC seeks to approve its own proposed rule 151a, this federal agency is reeling from allegations of inadequate oversight within the investment community that is leading lawmakers to consider an overwhelming \$700 billion bailout for large Wall Street firms.

"The turmoil within the investment community offers an interesting contrast to the safety and security we offer through our Fixed Indexed Annuities," stated Andrew Unkefer. Mr. Unkefer is president and CEO of Unkefer & Associates, Inc., one of the nation's leading annuity and life insurance marketing firms.

Unkefer continued, "FIAs are competitive savings vehicles that should continue to be regulated as an insurance product, not an investment. If the SEC succeeds in capturing this product, consumers will lose the valuable minimum guarantee protections of the product that make it a fixed savings instrument to begin with. In addition, the consumer will be exposed to a much weaker regulatory support when it comes to conflict resolution."

Under insurance regulation, a state department of insurance can pressure an insurer to refund annuity premiums to a policyholder if the department considers any sale inappropriate. Under the SEC, an unresolved complaint must be decided by a judge or arbitrator. This means the consumer must hire legal representation which adds more cost to the consumer.

Insurance companies point to the recent market turmoil and their consistent stability to demonstrate the value of their conservative approach. Because insurers must maintain required solvency ratios, surplus levels and invest only in the most pristine bond portfolios, insurance companies have remained a foundational block to the US economy for hundreds of years.

Insurers state that during the extraordinary losses witnessed on Wall Street, their annuity owners experienced no loss at all.

The lobbying effort in Washington, DC was organized by a coalition of insurance carriers who offer FIAs to consumers through a large network of independent insurance professionals. Executives from American Equity, Old Mutual, Midland National, and LSW were present to take their message directly to lawmakers. During the one day event, over 110 members of the house and senate were visited. The coalition was aided by Washington, DC law firm, Baker and Hostetler who helped organize the effort.

The day began with a brief meeting to discuss the approach. Baker and Hostetler provided each participant with an information kit and talking points to share with lawmakers. The law firm also reported that approximately 2,500 comments had been posted to the SEC during the short comment period. "Ninety percent of these comments clearly opposed their proposed rule," stated Tom McDonald, a partner in the firm.



W. Andrew Unkefer, President & CEO of Unkefer & Associates, Inc. and Cindy Reed, VP & Chief Marketing Officer of Midland National Life discuss who they will be seeing on capitol hill.

"I was pleased with the receptive attitude lawmakers showed to us during our visit," stated Unkefer. "They understood what was at stake and could see the value of keeping a viable savings product in the market; one that has proven to protect against loss for over 10 years now. If everything becomes a security, the savers will have no place to go to safely protect the assets they have worked so hard to accumulate over their lifetime."

Unlike other savings products such as certificates of deposit (CDs) or money market accounts, annuities offer additional benefits such as tax-deferred growth and income planning capabilities. Many annuities also provide additional liquidity and enhanced benefits for personal emergencies such as a nursing home confinement.

Mr. Unkefer feels there is a chance to keep the product out of securities registration. "I am confident we can prevail. If our lobbying effort is not successful, the coalition of indexed annuity carriers is prepared to litigate against this predatory rule. Current law, our long history, and the principal of consumer protection is all in our favor. I am a firm believer in the independent agent and I am here in DC today to represent their interests."

Unkefer states that the next step is for independent agents and consumers to notify their Congressional Representatives that they oppose the SEC's proposed Rule 151a. "This rule is only proposed at the moment. Congressional pressure applied right now can tip the scales in our favor. Start writing letters today!"

In an effort to keep momentum against the SEC proposal, annuity marketing firms have banded together to create a website (www.sec151a.com) with suggested language individuals can use to send a letter to their political representatives. "The website has become very popular among those interested in this issue and has received over 20,000 visits since the rule was first proposed by the SEC. We think this site drove most of the traffic to the SEC's site where comments were posted," according to Gregg Griffin of Producertraining.com who designed and hosts the website.

Unkefer & Associates, Inc. is a national annuity and life insurance marketing firm dedicated to serving independent agents and agencies since 1994. The company has developed a reputation for outstanding service, extraordinary support and amazing technology to help agents achieve more. You can contact them at 800.523.5851.



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