Rule 151A Comment

Annuities are tools. Each tool has its application given a practical set of challenges. I have been selling annuities for more than 20 years. I have been supervising annuity sales for almost 10 years. The problem with index annuities lies at the development and approval levels; the companies who devise them and the state commissions that approve them.

It is not the equity index annuity (EIA) that is the problem, but the type of EIA that should be addressed. The two tiered annuities that require annuitization in order to realize a 'bonus,' or a product offering a bonus that disappears if the annuity contract is broken even 20 years after purchase, these must be looked into harshly.

Unscrupulous salespeople will always be there and no level of supervision will stop them from existing: at best they will move on to another 'deal' if EIAs are removed from their arsenal. I do not believe that adding the FINRA supervision process via the broker/dealer channel will solve the problem. You have to eliminate abusive products to eliminate abuse.

All EIA products should -

Limit commissions to 10% or less

Limit surrender schedules to 10 years or less

Limit surrender charges to no more than 10% in <u>the first year</u> and decline thereafter

Not require annuitization to realize advertised benefits

Not place undue restrictions to realize a 'bonus' that was integral in the investment decision

Offer legitimate nursing home and/or disability waivers

The people being hurt by sales of these 'tricky' annuities are the elderly and the bonus EIA products are like candy to the retired sector. If you remove the abusive products, most of your problem will go away. Foisting supervision of these dogs on broker/dealers will only gum up the works and do nothing to alleviate the problem.

Dan Grenier

Vice President Product Marketing

Independent Financial Group LLC

San Diego , CA