

Dear Ms. Barbara Sweeney:

I am a licensed insurance professional and variable product salesperson. I am writing about the disclosure and suitability standards contained in NASD's proposal to impose specific suitability and disclosure requirements on the sale of variable annuities. I do not fully agree with our association or the NASD proposal. I agree that there is problems with some rep's not disclosing all the facts. I especially see it being done by rep's working at banking institutions potentially because of pressures to make quota's. I believe that what you are proposing could be done better. If you are going to show the negatives associated with the costs of Variable Annuities, you should disclose the positives that people purchase them for. I believe this could be done within each companies brochure about their VA's. They could have a section within the brochure highlightly the expenses, and tax treatment, but also outlining the positive advantages to their specific product. The customer and the Rep could sign that page and a duplicate tearout page showing that the people were made aware of the added expenses for their features. A reputable Rep. will have told the customer that there are more expenses in a VA and would only be showing them VA's if it were in the clients best interest, thus it would have no negative impact on us. It also may make uneducated Rep's more aware of taxes and costs associated with VA's, and make it more difficult for the unethical Rep's to sell VA's regardless of need. I do not believe that people actually delve into a prospectus because it is so intimidating for most people. A summary of the Pro's & Con's as I outlined may be more meaningful to consumers and easier for them to understand. I urge you to modify your proposal to include the VA's positives. Done this way, it will not effect my business, and it will have a meaningful effect for consumers. As it is currently being proposed(with only the negatives)it may mislead consumers that VA's are a poor choice of investments.

I firmly believe that people who engage in misleading sales practices should be aggressively prosecuted and subject to meaningful sanctions.

Sincerely,

Allan Hibbard
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