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Sent: Tuesday, June 30, 2009 11:31 AM
To: Comments, Public
Subject: FINRA's proposal to regulate the life insurance industry

I deeply oppose FINRA's proposal to regulate the life insurance industry which is already regulated to death and in no way should be compared to securities. First of all, the securities regulation people have not learned how to properly regulate securities as is obvious in the Madoff scandal (and many others) even after it was called to their attention on three different occasions. In fact, some of them need to be where Bernie Madoff is now. I recognize that the AIG scandal comes under the heading of "insurance", but only in name because AIG is considered an insurance company. Credit default swaps were derivatives and should in no way apply to the life insurance companies which sell traditional insurance products backed by reserves and regulated by the states. The life insurance companies, some of which date back nearly 200 years, have a remarkable record of stewardship and during the Great Depression life insurance cash values were often the only assets of any value owned by thousands of citizens.

The fact is that life insurance companies are regulated by the states in which they do business. From a customer's standpoint, it is far easier to get help from a state insurance department than it is from any federal agency. There are some things the federal government does need to manage even if it doesn't do it well. But in the case of the life insurance companies, I want to see regulation kept at the state level where it is closer to the customer.

For many years I was a member of AALU and met with Congressmen on a regular basis to explain the impact of proposed federal legislation. The truth is that very few members of Congress had the slightest understanding of life insurance, yet they were proposing and passing legislation all the time which affected it. Most of them owned life insurance and still did not understand the impact of their legislation on their own insurance.

Life and disability insurance is a very important asset. It is unique in that it replaces the lost income when the insured is injured, sick or dies. Nothing else does this. Cash value life insurance also creates a reserve account available to the policyholder for retirement and unexpected cash needs. Life insurance is also one of the few methods of long term savings which has consistently worked for over 100 years under all kinds of economic conditions, wars and financial turmoil. Life insurance companies have also been a fundamental force in capital formation and the purchase of government debt. I see federal regulation as being nothing more than another layer of imposed requirements none of which will guaranteed any additional safety and render life insurance as a less valuable and more difficult to put into place.

Sincerely yours,

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