

PUBLIC SUBMISSION

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Definition of the Term Fiduciary; Conflict of Interest Rule - Retirement Investment Advice; Best Interest Contract Exemption; etc.

Comment On: EBSA-2010-0050-3491

Definition of Term Fiduciary; Conflict of Interest Rule-Retirement Investment

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General Comment

This ruling actually increases service costs to consumers. Currently, commission-based FIAs cost consumers less than 1% per year. If the FIA were sold as a security, its cost would more than double to nearly 2.25%. Clearly, the client wont save the 1% projected by the DOL.

This proposal will effectively stop Financial Planners from serving the less wealthy, and these are the clients that need financial advice the most. This is the exact opposite what the DOL claimed it would do. Additional E&O coverage costs will cause product costs to consumers to increase. These new expenses would hurt already vulnerable consumers and cause approximately 500,000 insurance agents their jobs. The courts already ruled in 151a that a Fixed Index Annuity is an insurance product, not a security. The DOL is erroneous in treating it as a security under this new rule.

The DOL has yet to determine who will have oversight of the program. The department discussed implementing double fines, yet they have no State authority, and no department to oversee such a law. The State Departments of Insurance have been oversight for our insurance agents, and do an amazing job. Our industry already has a 99.9% customer satisfaction rate. It is doing an amazing job servicing clients. The securities industry has a 78% customer satisfaction rating. Perhaps the DOL is looking in the wrong place for areas of improvement!