



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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## Office of the Commissioner of Insurance Annuity Sales Supervision Advisory Committee

**Minutes**  
**September 11, 2007 at 9:30 a.m.**

**Meeting location:** State Department of Health and Family Services, 1 West Wilson St, Room 650, Madison, WI 53703

Council Members Attended: Connie O'Connell, Parrett & O'Connell; Roberta Riportella, PhD, University of Wisconsin; Betsy Abramson, Attorney; Martha Kendler, Northwestern Mutual Life; Patricia Struck, Department of Financial Institutions; Carla Strauch, Thrivent Financial for Lutherans; John Wheeler, CLU ChFC, John Patrick Planning Group; Duwayne Mews, FIC, Financial Strategies; Jane Frahm, American Family Insurance; Scott Borchert, NASD; John Hendrick, CWAG; Kathleen Rivera; Senator Roger Breske; Representative Frank Lasee.

OCI Representatives Attended: Commissioner Sean Dilweg, Deputy Commissioner Kimberly Shaul, Fred Nepple, James Harris, Sue Ezalarab, Mike Honeck, Kevin Zwart, and Mary Reines

Others Present: Bernadette Berger, Allianz; Fred McGarey, Prudential; Brian Casey, Thrivent; Sharon Brosnan, Thrivent; Melissa Christman, Thrivent; Terry Tiede, Aviva; Bill Toman, Quarles & Brady; Susan Cellere, Northwestern Mutual; Lucas Brunmeier, Penn Life; John Hammer, Penn Life; Louie Schubert, American Family; John Gerni, American Council of Life Insurer's; Rob Rusch, CUNA Mutual; Mary Jan Rosenak

### **I. Welcome and Opening Remarks:** Commissioner Sean Dilweg Deputy Commissioner Kimberly Shaul

Commissioner Dilweg expressed thanks to the committee.  
Deputy Shaul discussed the following:

- This committee is targeted for a duration of 18 months. The meetings will be quarterly. The next meeting will be mid- January of 2008.
- Step one is information gathering - the next few meetings
- Step two is to create a draft of standards for a rule
- The committee should remain flexible to work through issues and when needed raise questions for clarification.
- The committee also should provide feedback. Please use the feedback forms for the time being and if there are suggestions, let Deputy Shaul know for improvement in the feedback process.
- Materials will be sent out prior to committee meetings as it becomes available. If you have materials that you want to share with the committee be sure to contact Jennifer Stegall or Mary Reines at OCI.
- The board introduced themselves and talked through their biographies.

### **II. Questions and Answers:**

Opportunity for committee members to ask the Chair Deputy Commissioner Kimberly Shaul any questions regarding their service on the committee.

Discussion held on various issues: number of retirees leaving the workforce, increased life expectancy and need for sufficient income stream.

### **III. Annuity Suitability Presentation:**

Mike Honeck, Chief of the Health and Life Insurance Section

General comments from Mike during the presentation:

- The population that is 46 to 64 years old accounts for 72 million or 20% of the population. They will be retiring and required to have a stream of income well beyond 65.
- House holds that need to maintain their income and home is the fast growing segment of the population.
- There is an increased complexity and variety of annuities becoming available to this group of the baby boomer population
- There needs to be a uniform playing field so that sales activities can be monitored. There also needs to be training for the agents/ brokers selling annuity products.
- Standards for seniors are important, as approximately ½ of all annuities sold in Wisconsin are to individuals in their 60's. This means there is an increased potential for abuse in the sales to those 65 and older. It is important to note, this is not true in all cases. There have also been issues with surrenders and replacements that occur with annuity sales.
- Wisconsin has adopted the NAIC 65 & older suitability rule.
- Building blocks for annuities: recognition, documentation, practices, procedures, communication to the field force and consumers, training, and best practices.
- Meaningful consequences have to rectify the actions. Having accountability at the company/ agent levels is important for suitability.

### **IV. Senior Seminar Clip**

Assigned the clip for the board to view. They needed to send comments on this back to either Jennifer Stegall or Deputy Shaul by Monday, September 17<sup>th</sup> so that the information was still fresh. The points in the clip were to view at 9:56, 25:30, 45:50, and 54:40 of the presentation.

### **V. Annuity Suitability Presentation:**

Carla Strauch, Thrivent Financial for Lutherans

Questions regarding the Thrivent presentation.

Carla Strauch handed out a packet, including her power point presentation and documents that are used by Thrivent.

### **VI. Other business allowed and discuss future meetings**

- Review annuity terminology – reference the article in the “New Articles” section of your packet.
- The next meeting will be held in January 2008. The format will be the same and start at 9:30 and conclude around 3:00.
- Good group discussions. Everyone is sharing various information to help the group have a better understand of the annuity products and issues. There is constructive feedback occurring and respect for the members. It is important to stay on track.
- Discussed topics for next meeting. The board was reminded of the scope – the purpose of this committee is to determine what insurers should have in place to monitor annuity sales practices.

**VII. Adjourn meeting –**  
The committee adjourned at 2:35pm.