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## New whitepaper attacks DOL conflict-of-interest proposal

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By Editorial Staff      Thu, Jul 9, 2015

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Two well-known fixed index annuity advocates, Jack Marrion and Kim O'Brien, have published a white paper criticizing the rationale behind the Department of Labor's conflict of interest proposal, whose public comment period comes to an end on July 21.

The white paper, entitled "The Flawed Arguments of the Fiduciary-Only Rule," was produced for an organization called [Americans for Annuity Protection](#). O'Brien, the former director of the National Association for Fixed Annuities (see today's RIJ cover story), is AAP's vice chairman and CEO.

Although the DOL proposal, in its current form, allows the payment of commissions to sellers of annuities if they pledge to act in the client's "best interest," Marrion and O'Brien argue that the proposal would nonetheless have a "devastating" effect on the entire annuity business.

"If the rule is enacted as written," the authors write, "it will cause a severe disruption for many securities brokers and dealers but will be devastating for those who sell annuities and those who want to buy annuities. The disruption will negatively affect the 50%-plus of consumers who purchase an annuity as their Individual Retirement Account (IRA)."

In addition, they say, "it sets in motion a process that will more than likely eliminate all traditional forms of compensation other than fee-based and, consequently, eliminate thousands of small and medium-sized businesses who rely on commissionable and asset-based compensation in addition to the fee-for-advice model. It will also likely pull in non-qualified retirement annuities under the guise of 'harmonization.'"

The 26-page white paper also makes assertions that FIA advocates have used previously when threatened with federal regulation: that state insurance laws are adequate to ensure consumer protections; that more complaints are filed against securities brokers than annuity sellers; that asset-based fees cost the consumer more in the long run than one-time sales commissions do; that suppression of commission-based sales will hurt members of minority groups disproportionately.

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