

InsuranceNewsNet Responds to Flaws in Dateline NBC Report

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Dear *Dateline*,

In response to the April 13th edition of *Dateline* "Tricks of the Trade" about unsuitable "Equity Indexed Annuity" sales, [InsuranceNewsNet Magazine](#) (INN), a leading trade publication, would like to respond to your clear lack of journalistic objectivity and integrity as a news organization.

While we agree that there are a few insurance agents practicing deceptive, unscrupulous sales practices with "Equity Indexed Annuities," there were far too many important facts about annuities as a whole that were left unexplained to the viewers.

At the heart of the matter is your show's completely biased, one-sided view of the facts, from two of the biggest opponents of what are now called Indexed Annuities (IAs) – never once did Chris Hansen provide an opposing viewpoint in support of IAs.

Your primary objection to IAs was surrender charges, yet you neglected to mention that IAs aren't the only type of annuity with surrender charges. What about traditional fixed and variable annuities, some of which contain similar lengths of surrender periods? No mention of these products was included in the program. *Dateline* also failed to mention that there are plenty of IAs on the market today that contain surrender charges as little as one year, yet instead focused on a 16-year surrender charge product that even contained a 10% premium bonus, an important benefit to the client.

The fact is that the amount of complaints against indexed annuity agents and providers was grossly exaggerated in your program. Attorney General Lori Swanson's comments that these unscrupulous sales are happening on a large scale is unsubstantiated. According to the National Association of Insurance Commissioners, whose mission is to protect the public interest, there have been only 35 complaints nationally in 2008 compared to more than 1200 complaints against the handling of other life insurance policies. IAs had very few complaints – according to the NAIC. The point is that *Dateline*, like other mainstream media, has blown the situation out of proportion to the detriment of your viewers.

Like any other sales field, there will be any number of salespeople pulling the wool over people's eyes. As a leading authority on life and annuity news, INN strongly opposes fraudulent sales tactics. But by exposing these few agents, without letting the public know that indexed annuities have one of the smallest complaint ratios in the insurance industry is just plain-old, bad reporting. Even one factual tidbit would have made this *Dateline* episode gain credibility.

In response to AG Lori Swanson condemning the practices of agents in the video, it should be stated that Swanson is part of a state system that approves the very same product which she is condemning.

The documented truth is that for thousands of consumers, indexed annuities are a perfectly sound, secure and successful vehicle. In the end, your story could do more harm than good because many owners of indexed annuities may start to wonder about the strength of their insurance product. Meanwhile, the financial markets continue to be volatile. Stocks and mutual funds continue to suffer and yet the insurance industry is being pegged for squeezing money out of the pockets of seniors. What about the stocks and fund investment losses that seniors experience on a daily basis?

Here are some additional facts that are important for your viewers to understand:

- In 2005, there was only one complaint for every \$260,000,000 in premium, or .1% of all premium (Source: NAIC closed complaint files 2006, Advantage Compendium).
- According to NAFA, The NAIC Suitability Model Act, which protects consumers through rigorous standards, has been enacted in states with approximately 87% of all annuity business. Carriers are heavily monitoring and reviewing indexed annuity sales as a result.
- Isn't the fact that *Dateline* colluded with the Alabama State Securities Regulators to get false licenses issued unethical? This report was not a government-sanctioned piece.

Again, INN agrees that as with all industries, fraudulent sales practices certainly occur, but in the grand scope of all annuity sales, IA complaints are among the fewest. The benefits of indexed annuities and the growth potential and security they offer policyholders were never addressed.

Dateline has revealed itself to be tabloid journalism, not balanced investigative reporting. In the future, INN, in its humble opinion, recommends that *Dateline* provide various viewpoints. In the end, your show did exactly what it decried in the actions of the agents. It ended up pulling the wool over its viewer's eyes. Now who is deceptive?

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