

Pennsylvania Association of Elder Law Attorneys

A State Chapter of the National Academy of Elder Law Attorneys

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March 25, 2009

The Honorable Dominic Pileggi
Senate Box 203009
Harrisburg, PA 17120-3009

Re: Senate Bill 237

Dear Senator Pileggi:

The Pennsylvania Association of Elder Law Attorneys (PAELA) is urging you to vote in favor of SB 237 which provides a suitability standard for annuity transactions. PAELA is an association of elder law attorneys who represent aging consumers throughout Pennsylvania. PAELA attorneys serve numerous consumers statewide who are financially harmed by inappropriate annuity sales. SB 237 is an important first step to address this problem. It requires that the insurer must reasonably believe the product being sold is suitable for the consumer's needs based upon information the consumer provides regarding age, health, financial worth, tax bracket and anticipated expenses.

As attorneys working with the elderly we have seen annuities sold to many senior clients which restrict payments to the annuitant until the annuitant reaches age 95 or older. The fees and penalties associated with canceling or terminating the contracts sometimes exceed 20% of the contract value. Some annuity contracts are tied to the stock market which in many cases is an inappropriate risk for a senior consumer living on a fixed income. Often consumers understand these products are protected against market losses when in fact they are not. Currently such consumers have little recourse because Pennsylvania has no standard which must be followed.

Not all annuities are bad and not all insurers are bad. The suitability standard will help to weed out those agents and companies which prey on unsophisticated, trusting consumers. This standard is not a new concept. It is one endorsed by the National Association of Insurance Commissioners and adopted in several of our sister states. Please help protect Pennsylvania consumers from unscrupulous sales of annuities. Please vote for SB 237.

Sincerely,

Marielle F. Hazen, President

**Certified Elder Law Attorney by the National Elder Law Foundation
as authorized by the Pennsylvania Supreme Court*