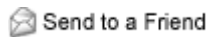
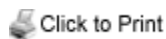




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The Power List: who's who in annuities 2007

By SMA Staff

Senior Market Advisor Magazine

They are the 10 people who make up Senior Market Advisor's inaugural "Who's Who in Annuities" list.

All of them have made a significant impact in the annuity market. They represent the people whose accomplishments and contributions make the industry work - and in one case, have to work harder.

In undertaking this project, the staff at Senior Market Advisor enlisted the help of several industry leaders, who made plenty of insightful recommendations as to who has earned the distinction of being on this list. We have predictably selected some industry icons, but have also selected some wild cards who for one reason or another merit inclusion due to the positive — and in one case negative — influence their efforts have had on the market.

Certainly, plenty of worthy industry players are not on the list. That would still be the case if we picked 20 instead of 10. But the 10 we have here have good stories to tell, and we are confident next year will allow us the opportunity to share more stories of industry leaders who are making a difference.

The architect: Richard Kado

When *Senior Market Advisor* first contacted Richard Kado, vice president of Mississauga, Ont.-based Genesis Financial Products Inc., to inform him of his selection to this list, Kado expressed some surprise. He considers himself a "behind the scenes" influence in the industry, and "the people that need him know where to find him."

When we found the married father of three (with five grandchildren), he was on his snowboard in Kamloops, B.C., spending time at his counterbalance to work.

Kado has been working in the insurance industry in some form or another for more than 30 years — everything from working in the field as an agent to working in the home office to running a broker/dealer. Eighteen years ago, Marc Verrier and Kado founded Genesis, a research and development company focusing on new annuity products for the U.S. marketplace. "During my tenure at Genesis, I am proud to say that I have been involved in the development of products that have greatly impacted the insurance industry," Kado says.

In early 1992, a distributor approached Genesis to see if they could find a way to develop a product that would combine the strong guarantees of a fixed annuity with the upside opportunities of variable annuities. "Over the next two years, our research and development efforts led to the creation of a new crediting method that made the equity indexed annuity possible," Kado says. "Over \$100 billion in fixed index annuity sales later, I'm pleased to say that the crediting method used in those original product designs are still very much in use today."

Kado says the success of Genesis over the long haul has been the result of a straightforward business model. "First, we make it our business to partner with the best distributors — the individuals that understand the market and can help us shape designs that work for all stakeholders (e.g., client, agent, distributor, carrier, and regulator)," Kado says.

"Second, our focus is developing new and better products. Because Genesis is an independent product development company, our approach to the development process is not carrier-centric, freeing us to 'think outside the box' and focus purely on concept and innovative design. Once the heavy lifting on the research and development of the new design is complete and we've satisfied ourselves that the design is solid, then — and only then — do we approach an insurance company."

What does the future of product design hold? "We see the future of crediting methods evolving toward designs that maximize the upside potential in today's economic environment. I see a shift away from frequent automatic stock index resets — like the annual ratchet product — towards more efficient products that reset less frequently, offer greater earnings potential and ultimately provide more choices for the consumer."

The Suit: Dave Noble

The 1995 retirement of Dave Noble lasted all of four days. Countless people are much better off that the rocking

chair wasn't for him.

Noble saw the opportunity to start a company that focused on a specific market segment: Fixed and equity indexed annuities. During his brief retirement, he wrote the business plan that would become the blueprint for American Equity. The 75-year-old Noble remains very active today as chairman and CEO of the company he founded back in 1995 after "retiring" from an already distinguished career as an insurance industry executive.

Turns out his best days in the industry were ahead of him. He has become a true industry icon.

"I am most proud of what we have accomplished here at American Equity," Noble says. "This management team has built a \$15 billion company from scratch, and with just more than a decade of operation, American Equity is the No. 2 all-time producer of index annuities."

He also said he is extremely proud of the company's record of service for customers and agents. "From our inception, we have been innovators and creators when it comes to making annuities better and more effective for policyholders," Noble says. "We rank at the top of our field for asset quality. And, we have led the way in market conduct and suitability testing and review. In every way that we touch our key audiences... we have worked hard to set the standards for excellence."

Noble and several members of American Equity's management today were on the team that developed the very first index annuity in the world. "We believed then and we know now that this financial product serves a significant need for a growing market of individuals who desire financial security, a predictable income source and tax preference without incurring the risk or exposure of capital loss," Noble says. "In addition, these products offer the ability to take advantage a portion of the gains in the equity or bond markets without risking principal. We saw the Dow Jones Index as one of, if not the most, recognizable financial brands in the world, and we decided to develop a product that was indexed to the Dow Jones performance. The concept was considered quite bold, audacious even at the time. It required an incredible effort from our senior management team working with the management of Dow Jones, and took more than a year and half to bring to market. When we debuted the Dow Jones product, we were given a three-month exclusive. Today, it's a staple of the industry and every index annuity writer has a Dow Jones product."

And the rocking chair is still not in the plans. "In my mind, we still have a lot we want to accomplish, especially if we want to remain among the best in our field," Noble says. "As long as I can make a difference, I'll be here."

The Advocate: Mike Tripses

The annuity industry is constantly faced with overcoming bad press from the mainstream financial media, often spreading misinformation to the masses. Be glad we have someone like Mike Tripses, FSA, MAAA, FLMI, who is frequently on hand to set the record straight. While he has been an innovator in product design, he is at heart an educator and advocate for fixed and fixed indexed annuities.

"Honestly, my biggest thrill is the impact I've had in educating many audiences, including thousands of agents, industry groups and readers of financial press about the realistic value proposition of indexed interest in a fixed annuity and simple explanations of product structure. This is a product type appropriate for much of graying America," Tripses says.

Tripses moves from Chairman of the National Association of Fixed Annuities to Chair Emeritus this year. He says he'll definitely need the reduced duties as he has assumed responsibilities of president for his firm, Creative Marketing International Corporation, a billion-dollar annuity and life wholesaling marketing firm with a large fixed indexed product emphasis.

"My primary challenge is leading the great team at CMIC to the \$2 billion mark for a core of high quality insurance companies, which provide high value, consumer-friendly products," Tripses says.

Tripses has also been an advocate that equity indexed annuities (which NAFA refers to as fixed index annuities) are insurance products and not securities. "The position I've staked out since I first concentrated on the annuity product 17 years ago as a chief actuary has not changed. It is based on education about and advocacy for the fixed annuity, a financial product which provides safety, security, interest guarantees, guaranteed income for life, tax-deferral, tax-preferred distribution and true liquidity. I'm pleased this approach is very much in line with continuing regulatory developments in the areas of suitable sales, disclosure and transparency to the consumer. I'm very grateful for the opportunity to chair the board of NAFA in this momentous year where so much attention has been focused on these products by media, regulators and agents. My personal mission of education as well as NAFA's has been fulfilled with our development of the definitive white paper on Fixed Indexed Products, which we unveiled at the National Press Club [in January]."

From a product development standpoint, Tripses says, "I've always been proud of working with staff to independently inaugurate one of the first fixed indexed annuities. I also feel good about innovating the idea of additive capped point to point in a fixed annuity. Lightning strike ideas don't come about all that often, at least to me. Designing FIAs for numerous insurance companies to the tune of \$13 billion in sales in a fledgling industry

has been gratifying."

The Regulator: Susan Voss

When the NASD sent its infamous Notice to Members 05-50 in August 2005, it set off a firestorm of debate as to whether EIAs should be regulated as insurance products or securities. Iowa Insurance Commissioner Susan Voss and the National Association of Insurance Commissioners have since taken a lead role in developing initiatives to strengthen model regulations for fixed indexed annuities in the areas of suitability, marketing materials, and agent training.

"In late 2005 we noticed that equity indexed annuities, as they were known at that time, were getting a lot of bad press and that the NASD, the SEC and the state securities administrators were stating that these products should be treated as securities. We also noted that five of the top 10 indexed annuity companies were located in Iowa (33 percent of the premium in 2004). We met with the Iowa companies and worked with them to develop plans to solve issues that were being raised about the products. We noted that Allianz, a Minnesota company, had a 33 percent market share, so we asked the Minnesota Insurance Department and Allianz to work with us in developing the program.

"We used the A and D Committees of the NAIC as the springboard to obtain wide support from regulators and industry backing the NAIC Suitability and Disclosure Model Acts. We worked with IMSA to develop best practices in this area for all annuities. We continue to work with the NAIC, IMSA and the industry to promote as much uniformity in the suitability and disclosure areas as much as possible."

Personally, Voss says there are many reasons why FIAs are insurance products and should be regulated as such and not as securities. "The main reason is that any risk of loss is on the company, not the investor. The principal is guaranteed, minimum interest is guaranteed, the companies are subject to all the insurance rules concerning advertising, replacement, nonforfeiture and investment, etc.," Voss says. "Because of the guarantees they provide as insurance products that securities can't, regulating them as securities would be harmful to the industry and deprive consumers of a product that many consumers have purchased for over 10 years now."

The regulation of marketing of products could greatly affect the solvency of a company, Voss notes. "The regulation must stay in the hands of the regulator, who has the responsibility to oversee the solvency of a company. This is much different than is the case with variable annuities with their separate accounts that are segregated from the general accounts of the companies."

Voss, who has been with the Iowa Insurance Division since 1993 and has served as commissioner since 2005, noted her bottom line is to protect consumers. "That not only means protecting them from unsuitable sales and products, but also means having strong solvent companies with an incentive to develop new products for the growing retirement market."

The Professor: Jack Marrion

For the few readers out there who may not know of him, Jack Marrion is president of St. Louis-based Advantage Compendium, which provides research and consulting services to select financial companies.

The company publishes the Index Compendium newsletter and the Advantage Sales & Market Report. Marrion's research has been featured in hundreds of publications and he is a frequent speaker at industry functions. As a reflection of his place in the industry, the National Association of Insurance Commissioners asked Marrion to address its 2006 meeting and teach regulators the realities of index annuities.

Prior to forming Advantage Compendium, Marrion was president and owner of an NASD broker/dealer with offices in nine states, and formerly vice president of a life insurance company and vice president of an NYSE investment banking firm. He has an MBA from the University of Missouri and has completed doctoral studies in organizational theory.

He is the author of four books on financial topics, including the industry standard "Index Annuities — Power & Protection." Neither Jack Marrion nor Advantage Compendium sell or endorse any financial product.

"I would say that my most significant contribution to the annuity market is my 'Advantage Index Sales & Market Report.' This quarterly report has tracked the sales and products of all index annuity carriers since inception of the product line," Marrion says. "This has established a baseline for all carriers to benchmark their sales to, as well as a source for their product development."

Marrion also provides a monthly newsletter on indexed life and annuity issues. "I have also been told that this is a valuable resource to many. The 'Index Compendium' newsletter provides commentary on issues relevant to the indexed annuity industry, as well as monthly returns for various crediting methods. My partner, Sheryl Moore, provides updates on index life and annuity product launches in her insert, 'Moore Market Intelligence.' We also provide sales and rank information on a quarterly basis in the publication.

Marrion has also penned the monthly "Annuity Advisor" column for Senior Market Advisor since July 2005.

Marrion says the annuity industry is currently going through a transition phase. "New product innovations such as Guaranteed Lifetime Withdrawal Benefits (GLWBs) will help to increase not only sales, but awareness of the product line to the boomer generation."

The Pioneer: Roger McCarty

Roger McCarty is the founder and CEO of Panora, Iowa-based insurance marketing organization Brokers International Ltd., one of the oldest and most successful marketing organizations in the industry. The evolution of the groundbreaking company is a story of phenomenal growth, based on providing independent insurance agents — more than 30,000 of them — with the products and services they need to succeed.

After breaking into the life insurance industry with State Farm in Denver, McCarty, a self-proclaimed "old farm boy from Iowa," soon threw out his own shingle, starting Brokers International Ltd. in Denver back in 1955. National marketing companies just weren't around in the 1950s, but McCarty had a feeling he could carve out a niche if he could share the knowledge that had made him successful with other agents. He also stood by the philosophy that if you train an agent well, he will sell successfully and be compliant.

In 1983, McCarty established an office in Iowa, and in 1999, Panora, a small town about 45 miles west of Des Moines, became the company's national headquarters.

"There have been many reasons why Brokers International has become one of the largest marketing companies in the country," McCarty says. He credits the hiring of Byron Lucas as one of the biggest factors in building the company. "Another key event was moving my company from Denver to small-town America in Panora. With the Midwest work ethic, and bringing my nephew, Bill McCarty on board, we have been able to build our business beyond my wildest dreams."

Family is a big part of the picture at BI — three of McCarty and wife Jane's four children also work at the company — but the family philosophy extends beyond relatives. "I have always said that one of the most rewarding parts of our business is the friendships and relationships that we build with our agents. I like to feel that our agents are part of the BI family," McCarty says.

While Iowa is home base, McCarty and his wife also own homes in Texas, Arizona and the Caribbean. "With my business travels, I spend varying amounts of time at each place. The technological age in which we live allows me to stay on top of my business regardless of my location."

And business is good. "We are living in the greatest times in the history of the insurance business. More and more, people want to make sure that their principal is not at risk. They like the feel of the upside potential with no downside risk," McCarty says. "The fear of dying too soon has been replaced by the fear of living too long. With the annuity products now available and the new products of the future, we are one of the few places where they can have a lifetime income that they can not outlive."

The Researcher: Eric T. Sondergeld

In his 12 years at LIMRA International, Eric T. Sondergeld, ASA, CFA, MAAA, has built the industry's most comprehensive annuity research and senior markets research/retirement income programs.

The primary audiences for LIMRA's research are the annuity manufacturers and distribution firms. The purpose is to help members improve their marketing and distribution results. "Those who use it effectively will develop products and marketing programs that resonate with the types of clients they target. I imagine these are the kinds of companies that advisors would want to work with," Sondergeld says.

"I was hired by LIMRA mainly to grow the annuity research program. At that point our primary annuity offering was a quarterly sales survey. Since then, we have expanded tremendously and regularly conduct studies on company practices, persistency, consumer attitudes, variable annuity guaranteed living benefit election and utilization, etc., and our annual sales estimates cover the entire annuity industry, which no other research organization can claim."

As the population ages, Sondergeld says the industry is trying to figure out just what products will best meet retirees' needs and how to approach them. "Our studies address topics such as retirement risks, how consumers want retirement advice and retirement income, how people decide when to retire, how they manage lump sums in retirement or how the industry is preparing for this tremendous opportunity," he says. "Each new study is really breaking new ground and that's what makes the senior market so exciting. And, while nobody has truly cracked the code to this market, our research is helping uncover the combination."

Another rewarding accomplishment for Sondergeld has been creating networking opportunities for industry professionals.

He founded LIMRA's Annuity Committee, which brings senior officers of leading annuity writers together twice a year to discuss industry issues, guide LIMRA's annuity research program, and plan the annuity sessions at the

Retirement Industry Conference, which he was also instrumental in creating.

Jointly sponsored by LIMRA, LOMA and the Society of Actuaries, the Retirement Industry Conference attracts professionals from all functions within annuity manufacturers. Now in its 10th year, the conference covers not only annuities, but retirement plans and retirement income, with more than 500 professionals in attendance annually.

And finally, two years ago, some LIMRA members approached Sondergeld, suggesting LIMRA create a networking group of annuity competitive intelligence professionals. Now 57 members strong, the group holds monthly virtual meetings to discuss new products and industry issues.

Sondergeld lives in Canton, Conn., with wife Cindy and 8-year-old son Alexei.

The Producer: Dwight Lankford

Representing producers in our inaugural "Who's Who" list is Spring, Texas-based Dwight Lankford, founder and owner of American Insurance and Estate Services.

Lankford hit it big right off the bat in this industry, and it's still his favorite story. "It's about a little lady who thought she had nothing other than a \$20,000 per year pension, which turned out to be \$1.7 million in Exxon stock," Lankford says. "She was my first customer, and the joy of seeing the change in her life has remained one of the highest points of my career."

Lankford, age 61 with five children and 10 grandchildren, owned a consulting company for 25 years, working in resort and real estate liquidation for large banks. "Upon getting married to my wife Shamane in 1995, as a condition of my marriage, she required that I retire from my heathen lifestyle, stop international travels and go to church regularly," Lankford says.

After selling his consulting company and doing a year of research, he decided his financial expertise could best be utilized in individual estate planning and the insurance industry. He is a CEP, CSA, and holds insurance licenses in 16 states. American Insurance and Estate Services is currently active in five states, and the company's main office in Houston employs eight, including in-house marketing, processing, administration, and the only other producer, his son-in-law, Jim Birner.

In 2006, Lankford's personal production was \$15.6 million, and his total production through his first nine years in the industry has been \$172 million. Certainly there are plenty of other producers out there that can match or exceed Lankford's numbers, but his consistent performance and high standards represents the epitome of what consumers and carriers alike should look for in an agent.

The biggest key to his success, he says, "is being loyal to a few companies that provide superior services, products and support to both their agents and their agents' customers. He credits American Equity and The AmerUS Group/AVIVA as well as "Andrew Unkefer and his group, Unkefer & Associates, who has been instrumental in all my success."

Lankford says he is motivated by the sense of accomplishment that goes along with helping many senior Americans realize their true retirement potential, "and know that every one of them can look at their future as safe, sound and secure."

Lankford also says it is imperative for successful agents to see customers as individuals, "and to address each and every customer without consideration of commissions in relationship to the products and the advice you give them."

The Strategist: Bob MacDonald

Mac doesn't play by conventional rules, and he's doing his best to see that other professionals also challenge "the way we've always done it."

Bob MacDonald, 63, is the author of the 2005 book "Cheat To Win — The Honest Way to Break All the Dishonest Rules in Business," which blatantly declares war on outmoded business practices.

In his more than 40 years in the business, MacDonald has made a career out of being an unconventional leader. His profile rose when he moved from senior VP of marketing to COO to president and CEO of Minneapolis-based ITT Life from 1977-87. In 1987, he founded LifeUSA Holding Inc., and served as chairman and CEO until selling the company to Allianz AG of Munich, Germany, in a transaction valued at \$540 million. Mac continued on with a very successful stint as CEO of Allianz Life of North America, and he retired as chairman in 2003.

Mac started shaking things up again late last summer, coming out of retirement to launch AIMS (Allianz Income Management Services) after growing frustrated with what he says is a lack of suitable retirement options available for the coming wave of retiring boomers.

AIMS was formed specifically for the purpose of developing and marketing immediate income products to address the needs of baby boomers.

Under MacDonald's direction, AIMS is taking a decidedly different approach. Most radical is the plan to provide incentive to producers with ownership. Field reps and employees who build the company share in the value of the company with real stock ownership as part of the compensation package. Producers receive lower commissions compared to what other companies pay, but they receive an additional 20 percent of the dollar amount of the commission as a bonus in the form of AIMS stock — something MacDonald says no other company in the industry does.

The company is also attempting to become the first in the industry to operate virtually paperless and wireless with web-based electronic forms and transactions.

An unconventional approach to be sure. But then, who would expect the author of "Cheat To Win" to do something by the book?

The Troublemaker: Suze Orman

Rounding out our list is the ubiquitous Suze Orman, whose people declined Senior Market Advisor's request to interview Orman for this piece, citing scheduling conflicts with her latest book-signing tour. We see you shaking your heads at Orman's inclusion in the list, but consider the amount of influence she wields amongst consumers.

Even those outside the financial services sector easily recognize Orman, a media-savvy figure whose investment advice, such as it is, is heard (and read) by millions around the world. She is host of "The Suze Orman Show," airing Saturday evenings on CNBC in the U.S. and Asia, as well as "The Financial Freedom Hour" on QVC. She's also written five New York Times bestsellers, including "The Money Book for the Young, Fabulous & Broke," "The Laws of Money," "The Lessons of Life," "The Road to Wealth," "The Courage to Be Rich" and "The 9 Steps to Financial Freedom," with PBS Television specials based on each. Her newest PBS special, "Women & Money," began airing nationally in January. She has also created a series of do-it-yourself kits for personal financial planning.

In her spare time, Orman serves as a contributing editor to O, the Oprah Magazine and O at Home, as well as contributing columns to Yahoo! Finance's Money Matters Web site and both The Costco Connection and Lowe's Moneyworks — in between her various personal appearances as a motivational speaker.

All of this from a self-built financial media pioneer who was working as a waitress at Berkeley, Calif.'s Buttercup Bakery until she began her career as an account executive with Merrill Lynch.

Orman's one-sided opinions on annuities continue to make her one of the most visible voices in the field, with her own mix of cautiously optimistic recommendations presented on her Web site, www.suzeorman.com.

Her views on annuities tend to advise consumers that even though annuity products are investments that so many financial advisors love to sell — and lots of people love to buy — more myths surround annuities than almost any other investment. She says not many people at all should be investing in annuities, admitting that there are circumstances where they sometimes make sense, but even more reasons why they do not.

Few could argue her strong views tend to make the general investing public particularly wary of annuities, which makes your job that much harder.

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