



# State of Connecticut

## *Insurance Department*

THOMAS R. SULLIVAN  
COMMISSIONER

### **OFFICIAL NEWS RELEASE**

FOR IMMEDIATE RELEASE

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## **STATE REGULATORS SCRUTINIZE ANNUITY SCAMS**

Stranger Originated/Owned Annuities Subject of NAIC Public Hearing

HARTFORD, CT - The National Association of Insurance Commissioners (NAIC) held a public hearing last week on the emergence of Stranger Originated/Owned Annuities. The hearing, hosted by the NAIC Life Insurance and Annuities Committee, focused on the suspect practice of targeting seniors and terminally ill patients by inducing them to purchase an annuity largely for the benefit of investors or intermediaries.

Robert Mizzoni, an 83-year old from Cranston, Rhode Island, told regulators how he and his wife were victims of an annuities scam. Federal prosecutors are currently investigating a Rhode Island attorney who placed ads in church newspapers offering immediate cash to individuals with terminal illness. The attorney's goal was to take advantage of the death benefit built into many variable annuities.

"These scams are like cockroaches. For every one you see, there are most likely hundreds in hiding," said Thomas R. Sullivan, Chair of the NAIC Life Insurance and Annuities Committee and Connecticut Insurance Commissioner. "Unfortunately, there is no way of knowing the full magnitude of this problem, but regulators are taking a diligent look at the conditions surrounding these sales and practices."

Other consumers, state regulators, and industry representatives provided testimony during the hearing, which focused on the following issues: 1) whether these transactions are lawful; 2) how these transactions affect insurable interest; 3) whether current laws and regulations provide adequate consumer protections with regard to these transactions; and 4) if not, whether current laws and regulations need to be revised or new laws and regulations developed.

"This public hearing was an important opportunity to closely examine the conditions of these practices," said Adam Hamm, Vice Chair of the Committee and North Dakota Insurance Commissioner. "It is apparent further safeguards are needed to protect consumers from unscrupulous practices."

The NAIC Life Insurance and Annuities Committee will take information received from this hearing to determine the best regulatory response to what is seemingly an emerging arena worthy of further scrutiny.

Contact the Insurance Department Consumer Affairs Division at [cid.ca@ct.gov](mailto:cid.ca@ct.gov) or at 800-203-3447 or 860-297-3900. Become a fan of [Connecticut Insurance Department on Facebook](#) to receive the latest updates.

## **ABOUT THE CONNECTICUT INSURANCE DEPARTMENT**

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at [www.ct.gov/cid](http://www.ct.gov/cid).

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