

it would be desirable to have all plan sponsors required to offer the 30-day unconditional refund. We think that a 30-day period in which the new buyer can think it over his choice, and recover if you will, sir, from any undue persuasiveness on the part of the salesman can be a wholesome factor in continuity of payments.

We suggest the possibility that the 60-day refund to people who do not make their second scheduled payment on time might be worth your consideration. We believe that measures such as direct mail campaigns and possibly others that could be developed be utilized throughout the business, to reactivate accounts as soon as those accounts fall behind in their payments.

I think this an area in which we certainly have room for improvement, and in which we have made some improvement, but certainly ought to make more.

It is almost human nature for people to neglect payments when there is something that is present and available which is more attractive to spend money for. We think this area deserved attention and this was actually called to our attention primarily by the SEC's investigations, but we think that these sort of administrative procedures, given a fair chance to demonstrate their effectiveness, might do much to correct the things of which you are critical.

Mr. STUCKEY. Will the chairman yield for a question?

Mr. MOSS. Yes, sir; Mr. Stuckey.

Mr. STUCKEY. This has been one of the objections that the SEC has raised to the front-end load—your high-pressure selling and all—and you yourself are saying that this is a recommendation that you would like to see done. Isn't it pretty much a common practice now that most of your funds do have a 30-day unconditional refund offer, just exactly what you are referring?

Mr. KOSTMAYER. Yes, Mr. Stuckey; I would say that probably plan companies representing 70 percent of the business now make this offer.

Mr. STUCKEY. Then the question is: How long does it take for the effects of overpersuasiveness to wear off—10 days, 60 days, 90 days? In other words, if this is a common practice now, it looks like to me that in 30 days he can get his refund back, 60 days or even 90 days, that the pressures would be off of him in that length of time. I agree with you in your recommendation, but there again aren't most of the mutual funds doing this now?

Mr. KOSTMAYER. Most are doing it, but it is not required that they do it, and we think it might be wholesome if all were required to do it.

Mr. STUCKEY. Isn't this something that could be self-regulatory, or even for that matter written in? I am in complete agreement with you.

Mr. KOSTMAYER. I think that is certainly a possibility; yes, sir.

Mr. STUCKEY. But it is fairly common practice.

Mr. KOSTMAYER. It is fairly common practice, and I think very helpful.

Mr. STUCKEY. If 70 percent of your companies are doing this now, has there been any public outcry, objections as to high-pressure selling?

Mr. KOSTMAYER. No, sir; there have been no complaints about high-pressure selling or about any other aspect of the contractual plan business except from the SEC. There have been no public complaints.