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Department of Insurance

Ted Strickland, Governor
Mary Jo Hudson, Director

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August 26, 2008

Christopher Cox
Chairman
United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

CHAIRMAN'S
CORRESPONDENCE UNIT
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Re: Indexed Annuities Proposed Rule

Dear Chairman Cox:

Thank you for the opportunity to comment on the SEC's proposed rule to treat indexed annuities as securities and not as insurance products. As Ohio's Director of Insurance, I strongly oppose this proposed change.

In Ohio, we aggressively protect the consumers in our state and the financial integrity of the insurance industry that serves them. Ohio law requires an insurance company to ensure that an annuity or insurance product is suitable for each specific customer. Like 34 other states, Ohio adopted the NAIC "Suitability in Annuity Transactions" regulation. This regulation governs suitability in the sales of annuities, strengthens agent supervision and requires that insurers conduct periodic reviews of suitability records to detect and prevent violations of this rule. Since the suitability regulation went into effect, consumer complaints concerning indexed annuity sales have decreased dramatically.

In addition, Ohio has joined 21 other states in adopting the NAIC Annuity Disclosure Model Regulation. This provides guidance to insurers in developing disclosure information and documents. It also monitors distribution of these documents in order to better inform annuity consumers about the product purchased and how it works.

Indexed annuities are insurance products and not securities products. Individuals who purchase indexed annuities are NOT exposed to an investment risk. Like other fixed annuities, indexed annuities guarantee purchasers' principal and a minimum rate of interest. They also provide the opportunity to earn additional interest based on the performance of a given financial market index, such as the S & P 500, subject to certain limitations.

Because consumers have no risk of loss or reduction of contract values, insurers bear the primary risks of managing their investments to support consumer contract values. None of this risk is passed through to consumers. State insurance regulators very capably monitor the financial solvency of the insurance companies that bear the risk.

Accredited by the National Association of Insurance Commissioners (NAIC)

Consumer Hotline: 1-800-686-1526

Fraud Hotline: 1-800-686-1527

OSHIIP Hotline: 1-800-686-1578

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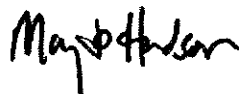
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On behalf of Ohio's consumers, I respectfully oppose the SEC's proposed Rule 151A to reclassify indexed annuities.

Best regards,



Mary Jo Hudson

Director

Cc: The Honorable Christopher Dodd, Chair
Senate Committee on Banking, Housing and Urban Affairs

The Honorable Richard Shelby, Ranking Member
Senate Committee on Banking, Housing and Urban Affairs

The Honorable Barney Frank, Chair
House Committee on Financial Services

The Honorable Spencer Bachus, Ranking Member
House Committee on Financial Services