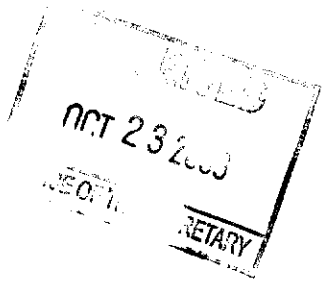
S7-14-08
2208

Jeffrey Feig
[redacted]

October 10, 2008

Florence E. Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549



Re: **File Number S7-14-08**
Indexed Annuities and Certain Other Insurance Contracts
Proposed Rules, Release Nos. 33-8933; 34-58022

We commend the Commission for its interest in protecting consumers, and have long been an ardent supporter of rational regulatory efforts to ensure that indexed annuities are sold in an environment in which the interests of the consumer are protected. However, I oppose proposed Rule 151A as it is currently drafted, and believe indexed annuities are insurance products, not securities.

I have been an insurance agent for 20 years with a track record of no complaints and not one single client has lost one single penny in any product I have sold in over 20 years of service. I have no securities license and haven't needed one because everything I sell is either **fixed or guaranteed 100% like Indexed Annuities**. The last ten years I have sold specifically indexed annuities and can boast the same accomplishments as the other fixed products that I have sold. Changing these annuities to a securities designation will essentially shut down my business permanently. I'm an old dog and requiring me to relicense for this purpose is absurd. Changing the regulations and making Indexed Annuities securities will only hinder and severely affect agents like me when the only thing that maybe should be done, is tighter observance by the State Insurance Departments to oversee the agents that sell these guaranteed annuities like all the other fixed annuities they oversee.

Further, if Rule 151A is adopted as proposed, I believe the legal test used to determine the statutory exemption set forth in Section 3(a)(8) of the 1933 Act would be dramatically altered, and would not be supported by current judicial interpretations and Commission precedent interpreting Section 3(a)(8). This would not only essentially change the securities status of indexed products but also would create significant uncertainty regarding the securities status of other fixed products, and would potentially heighten litigation and enforcement risks for insurers.

In addition, if proposed Rule 151A is adopted without the Commission undertaking certain other regulatory reforms, an unlevel playing field between registered indexed annuities and variable annuities would be created that would hinder, rather than promote, competition in the marketplace. Although Rule 12h-7, 5 the proposed exemption from the reporting requirements of the Securities Act of 1934 (the "1934 Act") also set forth in the Proposing Release, would partially address some of these competitive disadvantages, it alone is not sufficient to produce a regulatory regime for registered indexed annuities

reasonably comparable to that existing for variable annuities, so that any differences that exist are grounded only in sound policy justification.
Consequently, we respectfully request that the Commission adopt a comprehensive regulatory package of reforms to address various issues relating to regulatory consistency before, or concurrent with, the effectiveness of any rule that would require the registration of indexed annuities.

Finally, I recognize that there has been uncertainty in the marketplace concerning the status of indexed annuities under the federal securities laws since their introduction in the mid-1990's, and I welcome a rule that would provide clear, objective guidance to insurers as to the securities status of indexed annuities. We suggest that a new safe harbor rule or an amendment to Rule 151 under the 1933 Act would, as a practical matter, better serve the Commission's objectives and provide insurers with the certainty they need.

I understand that the Commission has been concerned with features of certain indexed annuities. Thus, it would be appropriate for the new safe harbor rule/amended Rule 151 to specify certain product components to ensure that the insurer bears sufficient investment risk. To that end, possible product components for a new safe harbor rule/amended Rule 151 could include:

- a guarantee that it would take no more than a certain number of years for the contract owner's guaranteed minimum value to equal 100% of purchase payments;

- minimum guaranteed levels for the components of the interest crediting formulae;

- components within the index crediting formulae that cannot change more often than once every 12 months for a particular contract owner;

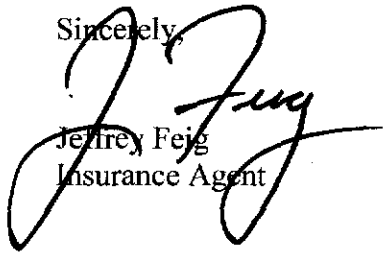
- a guarantee that indexed interest, once credited, is available for withdrawal; and

- a guarantee that no negative interest would be credited to an indexed crediting strategy.

I submit that the new safe harbor rule/amended Rule 151 would accomplish the Commission's objectives and provide greater certainty for insurers because the rule will specify those components that will always satisfy Section 3(a)(8). As previously discussed, Rule 151A as proposed is vague, and will lead to inconsistent results as reasonable actuaries may disagree on how to make the "more likely than not" determination.

Absent a re-opening of the comment period, I strongly encourage the Commission to consider a new safe harbor rule or amending Rule 151 as an alternative to an entirely new and unprecedented approach to security status determination as a more effective means to accomplish the stated objectives of proposed Rule 151A. Thank you very much for hearing my voice and taking the time to read my response.

Sincerely,



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