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VIA E-MAIL

October 31, 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 Rule, File No. 33-8933

Dear Ms. Harmon:

This letter on behalf of the Association for Advanced Life Underwriting (AALU), supplements AALU’s September 10, 2008 comments in response to the request by the Securities and Exchange Commission (the “Commission” or “SEC”) in Release No. 33-8933ⁱ on proposed Rule 151A relating to equity indexed annuities. AALU is a nationwide organization representing approximately 2,000 life insurance agents and financial advisors, many of whom are engaged in complex areas of life insurance such as business continuation planning, estate planning, charitable planning, retirement planning, deferred compensation and employee benefit planning.

As the Commission considers finalizing proposed Rule 151A, AALU urges the Commission to clarify that it does not apply to general account life insurance products or traditional fixed annuities that are not referenced to an equity index.

Specifically, with regard to general account life insurance products, while proposed Rule 151A by its terms is limited to annuity products, AALU is concerned that the securities’ status of any life insurance products with cash value interest crediting mechanisms similar to the accumulation value interest crediting mechanisms in deferred annuity products falling within the broad scope of the rule could come into question. In Rule 151, the Commission stated that, while life insurance products could not technically rely upon the safe harbor, the securities’ status of life insurance products should be analyzed “based upon the principles” of the Rule 151 safe harbor.ⁱⁱ

A similar logic here would lead to unwarranted questions being raised about participating whole life insurance, universal and other life insurance products whose interest rates may be set in advance either by reference in the policy or marketing materials to specific debt securities (e.g., U.S. Treasury securities), and life insurance products with limited market value adjustment features.

With regard to traditional fixed annuities, many may in fact be able to meet the conditions of the Rule 151 safe harbor (e.g., annuity products whose interest rate is determined in advance, tied to the rate on specified U.S. Treasury securities, and changes no more frequently than annually). It seems unlikely that proposed rule 151A is intended to conflict with the Rule 151 safe harbor and we urge the commission to clarify that Rule 151A does not apply to traditional fixed annuities which meet the conditions of the Rule 151 safe harbor.

AALU and its members are dedicated to sales practices that put clients' interests first and it commends the intent of the proposed Rule 151A. AALU does not take a position of whether all or some of what are commonly thought to be equity indexed annuities should be considered as securities and therefore subject to federal securities regulation or whether such products are primarily protection-oriented and more appropriately regulated by state insurance departments.

AALU appreciates the opportunity to offer the comments above and would welcome the chance to discuss this further in a face-to-face meeting. AALU respectfully requests that the Commission consider AALU input and reflect it in an amended, re-proposed rule. Please contact Tom Korb, AALU Vice President of Policy & Public Affairs, at 703-641-8120 with any questions you may have or if additional information would be useful to you.

Respectfully Submitted,



Michael P. Corry, CLU
AALU President



David J. Stertz, FLMI
AALU CEO

ⁱ See Indexed Annuities and Certain Other Insurance Contracts, Rel. No. 33-8933 (June 25, 2008).

ⁱⁱ Release 6645 at footnote 4.