

August 8, 2008

SEC Chairman Christopher Cox  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

Re: SEC Proposed Rule 151A, File Number S7-14-08

Dear Chairman Cox:

I am writing you in regards to the Securities and Exchange Commission's Proposed Rule 151A "Indexed Annuities and Certain other Insurance Contracts." This proposed rule is trying to regulate Fixed Indexed Annuities (FIAs) under the Securities Exchange Act of 1933 – further deeming them as securities rather than insurance products. Please take the time to hear my concerns as I am asking you to do all in your capacity to stop this draft regulation from becoming law – or at least allow more time for closer review. I have outlined my major concerns with this draft below:

- **Lack of Adequate Time**

This proposal was first released on June 25th, 2008 with virtually no forewarning and we only have until September 10th, 2008 to comment. Proper time has not been given to evaluate, comment, or to possibly offer an alternative approach to any valid concerns. The SEC is attempting to push this proposal onto the insurance industry with little warning – especially considering that these products emerged onto the marketplace over a decade ago and it's been a full decade since the SEC last raised questions regarding these products. It seems to me that the motives behind this proposal seem to be more political rather than for the benefit of both the insurers and the consumers.

- **Fixed Indexed Annuities are Excellent Products**

FIAs are great products that give consumers guarantees, flexibility, tax-deferral and many other advantages. I understand that although FIAs are not for everyone and proper suitability needs to be determined when purchasing these products, they do give consumers a unique combination of guaranteed protection and opportunity for higher accumulation than traditional fixed annuities, without ever risking a consumer's principal investment.

- **The SEC's Draft Regulation Adds an Unnecessary Layer of Regulation**

Rule 151A would turn most FIA products – as well as more non-indexed traditional fixed annuities – into securities. This development would subject them to an unnecessary layer of securities regulation. This will have far-reaching consequences by disrupting the manner in which these products are sold today, causing confusion over the differences between insurance versus securities, and ultimately providing little additional consumer protection at tremendous cost to companies, agents, and ultimately consumers.

- **Proposed Rule 151A is Ill-Conceived**  
Many securities lawyers find the SEC proposal to be confusing and completely unsupported by judicial precedents on what constitutes an “annuity” exempt from securities laws. Beyond that, it defies common sense that a product which has virtually no market-related downside risk should be considered a security in the same manner as mutual funds or variable products where investors truly bear risk for market losses. Many observers think the SEC’s proposed regulation – if adopted – is a slippery slope towards reclassifying many other annuity products as securities. This seems as odds with Congressional intent.
- **FIA Products are Already Regulated**  
FIA products are already heavily regulated by state insurance departments. Through the National Association of Insurance Commissioners (NAIC), state regulators have worked hard over many years to come up with appropriate suitability and disclosure requirements for FIA products. To the credit of state insurance regulators, this work continues today and should not be derailed by the SEC’s unilateral action.
- **FIA’s Have Already Done Trial and Error**  
Criticisms of FIAs have been exaggerated and market abuses have been largely corrected. The SEC – along with other critics – has focused on abuses in the marketing of these products. Needless to say, there are abuses in the marketing of all financial products including many that are already regulated by the SEC. The fact is the FIA market has grown rapidly because there is a demand for these products and generally consumers have been pleased with the results. While there have been some inappropriate sales (as with any innovative product) those concerns have been largely addressed by new regulations and evolution of products themselves which today generally have lower surrender charges and shorted surrender periods. FIA products and the FIA marketplace will continue to evolve to meet customer needs despite efforts by critics to paint the entire industry with one brush.
- **Recent Stock Market Downturn**  
The recent stock market downturn highlights how valuable a FIAs are. While millions of Americans suffered financial losses as a result of a twenty percent plunge in the stock market, FIA holders have not lost a penny in retirement savings because of this market turmoil. FIA holders have peace of mind that market fluctuations do not adversely affect their retirement savings.

This matter is highly relevant and affects a large portion of consumers. A proposal of this magnitude should not be adopted until adequate opportunity has been afforded for full assessment of the proposal’s impact on the insurance industry and its customers.

Thank you for your time and attention to this matter.

Sincerely,

Amy Rodriguez