

Comments Relative to Sec151a

I oppose the adoption of rule 151a by the SEC for reasons outlined below and further believe that SEC is exceeding its authority in creating this rule.

FACT: individuals who purchase indexed annuities are NOT exposed to investment risk. There are underlying guarantees in an indexed annuity similar to those in a traditional declared rate fixed annuity. The consumer does not own shares in any security and funds are not held in a separate account. Negative investment risk is eliminated by the design of the product. The purchaser **does not** experience a decline in the underlying value of his money.

FACT: individuals who purchase indexed annuities do NOT assume any of the same risks or rewards that an investor assumes when investing in a mutual fund or other security. To assert otherwise is to completely misunderstand the nature of the indexed annuity product.

FACT: the NAIC has created a model suitability regulation that has been adopted in 35 states; and furthermore, I believe that all carriers who market indexed annuities now have applied this regulation in all of their sales, regardless of whether a given state has adopted the model. This means that all indexed annuity purchasers receive a full disclosure and each transaction is reviewed for its suitability for the given purchaser.

FACT: most insurers now require their sales agents to complete a prescribed training course before being allowed to market indexed annuities. I have personally taken several of these courses and believe that they are more than adequate to train the sales agent.

FACT: I believe that the SEC is ignoring the impact of the Judge's findings in *Malone v. Addison Insurance Marketing* (2002) in which he found that the Indexed Annuity was exempt from registration under the Securities Act.

FACT: I have sold indexed annuities to many customers and obviously know that not one has ever lost money.

FACT: the SEC is experiencing undue pressure from FINRA, formerly the NASD. I believe that, for sales and monetary reasons, the SEC wants to transfer product distribution of a product that is clearly a safe, secure, non-investment, insurance product from the insurance industry to its own Broker Dealer distribution outlets and force sales professionals who otherwise prefer not to be part of the investment community to do so.

Please reject the proposed rule 151a.