

Dear SEC Commissioners:

I am very concerned about the proposed Rule 151.

I am a Registered Representative and have been a licensed Insurance Agent for over 25 years.

I am concerned that the SEC may be taking the wrong approach to solving the problems of the sales practices that some insurance agents have exhibited when trying to sell and market Indexed Annuities. I do agree that this is and has been and is a problem. I also understand that this appears to the SEC that classifying an Index Annuity as a security to be a solution. This would, in fact, put this under the umbrella of FINRA. While this may sound like a good idea, I believe the plan is misguided and the unintended consequences of the SEC will be prove to do much more harm to consumers and the industry than help anyone involved.

As an Insurance Agent and a Registered Representative, I can tell you that currently, the suitability requirements imposed by many companies to sell an Index Annuity is much more stringent and comprehensive than ANY suitability requirements that I have to submit for ANY Variable Annuity. I truly believe that the Insurance Industry as a whole has finally stepped up to the plate and is regulating Indexed Annuities better than any Broker Dealer is equipped to do so..

Indexed Annuities do provide guarantees that my Senior Client can rely regardless of market performance. My mother in 2006 – 2007 made 15+% on her Indexed Annuity and those gains were locked in. This year the market plummeted and she made nothing. She is very happy that she has received a reasonable return and did not have market risk and knew that her annuity would not lose value due to losses in the market. She looks at this as a much better alternative to the low fixed rates she could get in a Money Market Account or a CD.

I have been selling Indexed Annuities as PART of my client's portfolio since 2000. I have not had one single complaint with any regulatory agency. This just proves that positioned properly Indexed Annuities do not generate complaints of "ill will" among clients.

I also believe that by making an Indexed Annuity a security it will add another layer the added layer of complexity to the marketing and thereby raising the internal costs to Insurance Companies and Broker Dealers. This cost will have to be passed on to consumers and the very people who we are trying to serve. The end result will be that the consumer will have a more costly and less beneficial product and I am sure some carriers will even withdraw from the market place completely.

When considering all of the above, one could maybe argue the precision of any one point or result. If someone is doing so, the bigger picture is missed. The big picture is that Index annuities are insurance product not securities and the SEC will have a losing battle

on their hand in trying to challenge that. Insurance Companies are in fact supervising Index Annuities for suitability better than any Broker Dealer and FINA is equipped to do. Index Annuities are appropriate products for Seniors when positioned correctly and as a part of an overall retirement and investment strategy. Index Annuities can give more competitive returns that other fixed products with out the market risk to the principal. And if this rule is implemented, consumers and the industry as a whole will be worse off than had the SEC done nothing.

As a holder of a Series 7, Series 65 and an Insurance License I hope you consider my comments from an objective standpoint of the issues.

Sincerely,

R. Scott Cramer