

# *James E. Campbell, Jr.*

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To the SEC Commissioners:

I not only have a state insurance license I am also a registered representative -Series 7 and 66.

I believe your intent to declare Fixed Indexed Annuities securities is harmful - especially to older Americans. When presented properly, many older people find great comfort in the concept of an FIA's safety. Having a portion of their nest egg protected by the guarantees provided by life insurance companies gives many people a feeling of great security, something they can never have by purchasing securities alone.

Obviously, in the long run I could make far more money selling securities as opposed to fixed indexed annuities. However, I would not be doing what is in the best interests of my clients if I did that. I must be able to deal with the needs of each client individually, not by just being able to offer them a more conservative portfolio when appropriate, but by being able to provide them with the degree of safety they desire.

Some are comfortable with 100% of their nest eggs subject to market risk. Others only want a portion at risk. Some want 100% in safety. This latter group doesn't always like having only bank products from which to choose. Sometimes they would like to have the opportunity to earn a little more, but the market scares them. The FIA offers them an alternative many find attractive.

I have been working with retirees for a number of years and have found the number one issue in offering them investment and savings products is suitability. When asked which is more important to them, accumulating more or protecting what they have, most people over the age of 60 respond, "Protecting what I have is more important than accumulating more." When asked if their brokers told them that a conservative investment portfolio still means they could lose it, many older people respond that they were told their money would be safe. With few exceptions, retirees who own variable annuities tell me their brokers told them their principal would be safe and they could get it, or more, back at the end of the surrender period.

I have never had a client lose a penny in an FIA due to market fluctuations. The calls and letters of thanks just in the last year alone have been amazing.

In comparison to securities, my long term ability to make money offering FIAs when appropriate is small. If you demand that FIAs be regulated as securities, and such action changes the commission structure and imposes a fee on the client, you will destroy the FIA market and harm the consumers you seek to protect. People want a saving vehicle that offers an opportunity for better earnings than CDs, but not if it includes fees that come out of their principal. In addition, since I only get paid once on each sale of an FIA, I need to earn enough money to enable me to continue offering them when suitable.

Please leave the FIA industry regulation to the State Divisions of Insurance. I believe that is the only way the consumer will truly win. Thank you.

James Campbell