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August 27, 2008

SEC Headquarters
100 F Street, NE
Washington, DC 20549

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OFFICE OF THE SECRETARY

Dear Chairman Cox:

In reference to the Securities and Exchange Commission's (SEC) recently proposed rule 151A, it is important to understand that indexed annuities are insurance products, effectively governed today by state regulators. As a result, ~~indexed annuities should not be subject to SEC regulation~~.

Moreover, indexed annuities are insurance products designed for retirement savings for the risk adverse; they are not high-risk investment products where a consumer can lose his or her principal. Indexed annuities offer consumers important protections, by guarantying the premiums paid and the interest credited. Moreover, they provide underlying interest guarantees required by state law.

As defined benefit plans decrease, more consumers are left to fund their retirements through other means. Annuities – both traditional and indexed – can play an important role in ensuring an income stream for life. Similar to traditional fixed annuities, indexed products protect policy holders from risk of market loss to both principal and credited interest, which may overtime be higher depending on the performance of a specific index. Due to these product guarantees, there is a high consumer demand for indexed annuities, which is reinforced by risks associated with today's volatile markets. In fact, the recent downturn in the stock market highlights the value of these products. While many consumers have incurred huge losses in their retirement dollars, indexed annuity policyholders have avoided these declines by virtue of the guarantees provided by their policies.

If rule 151A is adopted, indexed annuities would only be available to consumers through registered representatives associated with broker-dealers. I believe, as do many in the industry, that this would limit access to this product only to those Americans who have relationships with registered representatives. Limiting access to a product that protects consumers from the loss of their retirement savings would be yet another hurdle for many American to overcome as they look for ways to fund their retirement.

In the SEC's release of the proposed rule, there is a significant amount of discussion about sales practices and abuses. In fact, it has been suggested that the state regulators are focused on solvency and not suitability or sales practices. I believe that state regulators are effectively regulating the sales of indexed annuities, ensuring clear disclosure of product features and oversight of sales practices. State regulators have a long history with our industry, products, and distribution channels. The NAIC has also worked hard during the last few years to implement a model regulation on suitability and disclosure for these products.

I hope that you will carefully consider the points made here, as well as those made by hundreds of others in the insurance industry. Thank you for your time.

Sincerely,

Mark E Rowlette
Advanced Financial Partners LLC