

September 2, 2008

U. S. Securities and Exchange Commission
SEC Headquarters
100 F Street, NE
Washington, DC 20549

SEP 10 2008

OFFICE OF INVESTOR
EDUCATION AND ADVOCACY

Dear Sirs:

I am a licensed insurance professional and am writing to you because I do **NOT** support the adoption of proposed Rule 151A, which would classify most fixed indexed annuities as securities. I am concerned that the fixed indexed annuity investment product is needlessly being singled out by the SEC as a security without addressing or considering Indexed CDs or Indexed Universal Life Insurance products as being in the same category. The SEC is being inappropriately influenced by securities dealers through their trade association FINRA, who are seeking to gain control of additional sales volume and increase the revenue that has been lost to them with the sale of these fixed indexed annuities. This is clearly not about protecting consumers, as those protections are already in place with each state's Department of Insurance. Rather, it seems to be about the loss of money by Securities Dealers.

Fixed indexed annuities have been increasingly popular with consumers because the nature of these products meets the needs and objectives of many consumers today. Fixed indexed annuities offer consumers important protections, namely: (1) the guarantee of premiums paid and (2) the guarantees of interest credited. These underlying interest guarantees are required by state law. The key word here is **FIXED** and **not VARIABLE**.

Fixed indexed annuities are risk-adverse savings vehicles. The consumer has the opportunity for upside potential without the fear of downside risks to their principal. There is little difference in the risk to a policyholder for a traditional fixed annuity versus a fixed indexed annuity. Under both types of annuities, the policyholder is at risk to the insurer's annual interest declaration, whether it is an expressed percentage amount or a formula that is related to the changes in an index. Properly structured fixed indexed annuities do not share the same investment risks as investment products such as mutual funds, variable annuities, and individual stocks - where the consumer assumes all of the risks. Fixed indexed annuity consumers assume the benefits and rewards of a fixed annuity which is not directly impacted by market fluctuations. Negative investment risk fluctuation to consumers is eliminated entirely.

The SEC proposes that federally mandated disclosure and sales practices are needed. The sales practices and suitability safeguards needed for indexed annuities are the same safeguards needed for all life and annuity products. I firmly believe that people who promote unsuitable sales and engage in misleading sales practices should be prosecuted and be subject to strict sanctions. However, concerns about suitability, disclosure and marketing methods, etc., are not relevant to determining whether a financial product is or is not a security. In addition, suitability regulations in most states and the sales practices required by insurance companies already meet or exceed the federal requirements. Complaint resolution through the state Department of insurance is much more effective than that provided by securities laws. In most cases, the consumer can directly complain to the state Department of Insurance and receive direct representation at no cost to them.

In my opinion, fixed indexed annuities should continue to be treated as insurance products and **not** as a security. The state Department of insurance is the appropriate means for regulatory concerns that have been raised by the SEC and **not** FINRA.

Please **reject** this proposed Rule 151A for the benefit of millions of American consumers who desire a safe and guaranteed option for **THEIR** investment monies without all of the fees and risks involved with securities, of which fixed indexed annuities are **NOT**, and never have been. Please reject this proposed Rule 151A for the thousands of small entity insurance professionals nationwide whose businesses will be impaired if it is adopted. Thank you for your time and your consideration in this very important issue.

Respectfully submitted,



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