S7-14-08 1900

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September 2, 2008

Memo.....

SEC RULE 151A

WHAT EVER YOU DO........DEFEAT SEC RULE 151A!!

AN EQUITY INDEXED ANNUITY IS NOT AN EQUITY PRODUCT, AND THE SEC SHOULD STAY OUT OF THE EIA COMMUNITY.

GOVERNMENT HAS BEEN SUCH A DETERMENT TO SO MANY BUSINESS PEOPLE IN AMERICA; IT IS NAUSEATING.

THE EIA IS AN INSURANCE PRODUCT, AND OFFERS GUARANTEES!!!!!!!!!!!! EQUITY PRODUCTS DO NOT OFFER SUCH.

PLEASE REVIEW THE ATTCHED INFORMAION, AS HIGHLIGHTED, AND OUR STATES REGULATORY BODIES ARE DOING A GREAT JOB. THIS IS NOT "ROCKET SCIENCE".

I HAVE HELD A LIFE AND ANNUITY LICENSE SINCE 1961, AND IF I KNEW THEN WHAT I KNOW NOW, OF HOW MUCH WELL-INTENDED-ILL INVOLVEMENT THE GOVERNMENT WOULD BESTOWED UPON OUR INDUSTRY.....................I WOULD HAVE GONE INTO THE LAWN SERVICE BUSINESS.

I WOULD NEVER RECOMMEND ANY OF MY CHILDREN OR GRANDCHILDREN TO FOLLOW IN MY FOOT STEPS............SIMPLY BECAUSE OF THE GOVERNMENT INVOLVEMENT.

VERY FEW ARE BLESSED WITH THE OPPORTUNITY TO MAKE A SIGNIFICANT DIFFERENCE IN THE LIVES OF SO MANY, AND YOU HAVE BEEN BLESSED! HONOR THIS BLESSING, PLEASE.

NO TO SEC RULE 151A, THANK YOU, AND MY SINCERE RESPECT.

A. L. PEREZ, JR., CLU

The following are some talking points to consider in any communication you may send to your congressional representatives and/or the SEC:

■ Indexed Annuities are fixed annuities that, like traditional declared rate fixed annuities, guarantee a minimum interest crediting rate and provide the opportunity to earn interest credits in excess of that guarantee. With a traditional fixed annuity, the crediting of excess interest depends upon the performance of the company's overall investment portfolio. Similarly, an indexed annuity provides the opportunity for excess interest credits based upon the measurement of an external stock or bond market index. While both products expose the consumer to fluctuating levels of annual excess interest credits, in both cases the consumer has no risk of loss or premium or prior credited interest (unless the policy is surrendered during the surrender period in which case a surrender charge may apply). The indexed product offers the consumer a strong minimum guarantee backed by the insurance company along with the opportunity to earn excess interest that is hopefully higher than traditional principal-protection products.

■ Both the design and sale of annuities are highly regulated by state insurance departments as are the companies who manufacture and sell them. State insurance regulations cover, among other things, suitability of insurance agent recommendations regarding annuities, annuity disclosure and advertising, agent licensing and training, unfair trade practices including misrepresentation of product terms and conditions, and enforcement actions and penalties for noncompliance with sales practices requirements. In addition, guaranteed minimum values for annuities are regulated through the Standard Nonforfeiture Law and are applicable to all fixed annuities.

■ The securities regulation will add little benefit to consumer protection. Many states have already adopted the NAIC Annuity Disclosure Model Regulation and most, if not all, of the major index annuity carriers have mandated the use of a disclosure statement or certificate describing all important terms and conditions of the annuity contract, including prominent disclosure of surrender charges. Many, if not all, major indexed annuity carriers conduct suitability reviews of all sales in all states. Suitability reviews required of brokers under FINRA rules would not add any meaningful protections over and above what is already being done.

■ The guarantees provided by an indexed annuity offer consumers significant protection against investment risk. The DJIA has suffered a decline this year in excess of 20% from its October 2007 record, yet a fixed indexed annuity purchaser will not lose any principal due to such market performance, unlike a consumer of an equity security or a stock mutual fund, or a variable annuity. The annuity interest crediting formula protects the owner against loss due to drops in the index over the crediting period and while the guarantees provided certainly come at a price, this is fully disclosed to the purchaser.

You have until September 10, 2008 to file a comment with the SEC on this proposed rule and we encourage you to do so. After the comment period ends, the SEC will meet and decide whether to adopt a final version of the rule as proposed or modified. To file a comment with the SEC go to their website at http://www.sec.gov/rules/proposed.shtml, find release number 33-8933 and click on "submit comments on S7-14-08"

You may also mail written comments to:

SEC Headquarters
100 F Street, NE
Washington, DC 20549

Any comments mailed must be filled out in triplicate and must reference File Number S7-14-08.

Any rule which is ultimately adopted will be effective one year after final adoption. In the interim, you may continue to offer fixed indexed annuities subject to state insurance disclosure and suitability requirements. Be assured we will continue to provide you with timely updates as this issue unfolds. In the meantime, do not hesitate to contact Nick Gerhart in our home office at (515) 457-1863 if you need additional information or have additional questions regarding the proposed rule.