S7-14-08

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Dear Dave
I urge you to take a stance against SEC 151A and tell Chairman Cox to back off.

The Securities and Exchange Commission (SEC) is proposing a rule now known as 151A that if adopted, would make Fixed Indexed Annuities a registered security.

As a citizen working in the annuity insurance industry, I fully understand the suitable nature of Fixed Indexed Annuities (FIA) and that they are excellent products that give consumers guarantees, flexibility, tax-deferral, and many other advantages. While it should be understood that Fixed Indexed Annuities are not for everyone, sales of this innovative product have become very popular in recent years because they give consumers a unique combination of guaranteed protection and opportunity for higher accumulation than traditional fixed annuities.

The SECâ€™s proposed Rule 151A adds an unnecessary layer of securities regulation to this insurance product as these products are already heavily and adequately regulated by state insurance departments. State insurance regulators continue this credible work today (through organizations like the NAIC) and should not be derailed by the SECâ€™s unilateral action. America has enough economic and political challenges to work through. This is not the proper time for creating additional uncertainty and discord for the American citizen.

The SECâ€™s proposed Rule 151A will have far-reaching consequences by disrupting the manner in which these products are sold today, causing confusion over the differences between insurance versus securities, and ultimately providing little additional consumer protection at tremendous cost to companies, agents, and ultimately consumers.

If adopted the SECâ€™s proposed regulation is a slippery slope towards reclassifying many other annuity products as securities. This seems at odds with Congressional intent and legal precedent. Criticisms of Fixed Indexed Annuities have been overstated and market abuses have been largely corrected.

The SEC as well as other critics frequently have an exaggerated (and biased) concern over fraud and investor losses and, at least by comparison, a conflicting dulled sensitivity to the costs of greater investor protection. In practice, this means more investor protection and perhaps too much investor protection at the expense of other goals, such as capital formation. Needless to say, there are abuses in the marketing of all financial products including many that are already regulated by the SEC, e.g., Wall Street credit rating agencies in banking, and mutual funds, are more recent examples.

Dave, as a business owner in Wausau and Sr. Partner of Dottenwhy Financial Group,LLC a Estate Management & Asset Preservation Firm serving the retirees of North Central WI since 1963 and as Principle Partner of Northwoods Marketing Group I petition you to stop SEC, FINRA and NASAA from making a Power Grab for a decent product now use by retirees to protect their nest egg from further stock market loss and the potential of a gain out pacing inflation and bank CD\'s.

Check out the SEC comment site for yourself:

http://www.sec.gov/comments/s7-14-08/s71408.shtml

and view the opinion of Register Reps, CPA, Attornys, and insurance agents from all over the map. If you really investigate and count those that are \"For SEC ruling\" and those \"Against SEC ruling\" you will see it\'s run 8 to 10% for and 92 to 90% against. Their own Series 6 & 7 register reps think it is a bad idea. NASAA & Media would like to pull the wool over your eyes and tell you that professionals in the insurance business are preying on Seniors left and right by placing thier funds in Fixed Index Annuities and making large commission basicly getting rich. Lets set the record straight that can be back with hard cold facts less than 2% of the sales of Index Annuities ever result in a complaint which is far below a Variable Annuity currently regulated by FINRA & SEC and yet they still have complaints of abuse. The Suitablity issues are almost wiped out with the forms and checks & balance by the Insurance Companies that are imposed on the writing agent. As a agent mys!
elf and
over several other agents we reguire membership in the National Ethics Bureau which does a detail background check over the last 7 years and updates it every year to be a member. A single blemish will eliminate a agent from being a member - as a member I believe in ethics and honesty and full disclosure for all client no matter what their age. Almost everyday I have seniors come to me and share how they have spoken to a broker/register rep that usher them into Mutual Funds or a Variable Annuities with high fees even after they told them they could not afford any risk and priciple protection is their primary concern. I have seen the same register rep take all of a senior\'s liquid assets and put them in 3 different variable annuities. No one should have all there eggs in one basket no matter what the vehicle. FINRA & SEC would tell you that any abuse of Seniors will be eliminated with thier regulation and the fear of loss of a license by the agent but if that so why does Vari!
able
Annuities have almost 30% complaint ratio vs 2% for a Fixed Index Annuity that is State Regulated. Their own system forces Seniors to hire legal staff to file a complaint against a Broker or Register Rep incurring cost to a group people that may not beable to afford it. But for Fixed Index Annuity or Any Insurance Product all a senior needs do is to contact the Insurance Commissioner of the State with a description of thier complaint. The Insurance Commissioner Office opens a file and pursues the complaint against the agent or insurance company at no cost to the senior - yet the insurance regulated products have a lower complaint record

then SEC regulated products which is just the opposite to what FINRA & NASAA would tell you. But check it out.

You have a large Senior Population in the 7th District and you also have a large population of insurance agents that will be affected by this ruling and in both cases not for the better to either population.

The SECâ€™s primary focus should remain ensuring the integrity and transparency of the public securities markets. Incorporating other duties in the non-securities (i.e., insurance) market under the guise of consumer protection seems very dangerous given that these goals are often in conflict, and itâ€™s most likely that issues such as greater transparency and consumer protection will get buried under the business interests. The current SEC rule proposal is a glaring example of such a conflict.

Tens of thousands of Small Entities will be dramatically impacted by this regulatory change. According to Indexed Annuity analyst, Advantage Compendium, there may well be 100,000 annuity agents that would be affected by the proposal Advantage Compendium estimates a total cost in economic impact to be in excess of $852 million to the insurance industry distribution channels. For purposes of the Small Business Regulatory Enforcement Fairness Act of 1996, this constitutes:
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A major effect on the economy of $100 million or more.
Âƒ
A major increase in costs or prices for consumers or individual industries
Âƒ
A significant adverse effect on competition, investment or innovation.

It is interesting to note that the SEC has completely failed to mention or include other financial products in this proposed regulation that use the same crediting methods as a Fixed Indexed Annuity, namely Indexed
Universal Life and Indexed Certificates of Deposit. It is shamefully obvious that these were overlooked because of their lack of sales volume and therefore, lack of appeal to the securities dealers who work in concert to restrict product access to both financial professionals and consumers alike.
Sadly, the SEC has shown its true intent by drafting a document full of errors designed to give readers a false concern and an inaccurate picture of what a Fixed Indexed Annuity actually is. Further, the SEC is demonstrating it is only interested in defining financial products as securities if they are achieving a certain level of sales success.
As the demographic of American savers increases, the value proposition of registered securities diminishes. As millions of Americans approach retirement, it is perfectly reasonable for those same people to become more conservative with their resources and choose safe money options like a Fixed Indexed Annuity.

The SEC and FINRA (NASD) are proposing this regulation not to protect American Consumers but rather, their own self interests.

I petition to oppose this ruling and put inon the back burner for the public interest.