November 17, 2008

We oppose the proposed Rule 151A.

A Fixed-Indexed annuity is not a Security product; it is an insurance product with minimum guarantees that protects consumers from the market losses. It is evident from the recent market crises where headlines have read “401K Owners Lose $2 Trillion . . .” And losses have continued since. On the other hand, Fixed-Indexed Annuities have maintained their value without losing a dime.

The Commission cites its concern over improper sales practices as the primary basis for proposing Rule 151A. Yet, the Commission has failed to provide any study, research findings or statistical information to demonstrate or suggest that the abuses are endemic or pervasive.

The fact is, the design and sale of annuities are highly regulated by state insurance departments. State insurance regulation is broad and comprehensive, among other things, covers the following area:

- suitability of agent recommendations regarding annuities
- annuity disclosure and advertising compliance
- agent licensing and training
- unfair trade practices
- enforcement actions and penalties for a noncompliance with sales practices requirements.
- guaranteed minimum values for annuities regulated through Standard Non-forfeiture law applicable to all fixed annuities

The fact is, Fixed Indexed Annuities are safe because they are legislated and regulated by State Insurance Commissioners in all 50 states and scrutinized by the National Association of Insurance Commissioners. The State Insurance Department and the NAIC are to be commended for their job in legislating, regulating, and supervising the sale of insurance products including the Fixed-Indexed Annuities.

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