

MEMORANDUM

November 26, 2008

To: File No. S7-14-08

From: Michael Kosoff *MK*
Office Insurance Products
Division of Investment Management

Re: Indexed Annuities and Certain Other Insurance Contracts –
Release No. 33-8933

On November 10, 2008, Susan Nash, Keith Carpenter, and Michael Kosoff met with the following representatives of the National Association for Fixed Annuities (“NAFA”): Malott W. Nyhart, Chairman, NAFA and Executive Vice President and General Manager of Brokerage and Retirement Income, Great American Financial Resources; Jim Evans, Senior Vice-President and General Counsel, American Financial Group; J. Caleb Boggs III, Blank Rome LLP; and Ashley E. Davis, Blank Rome Government Relations LLC (collectively, “Representatives”). On November 25, 2008, Keith Carpenter and Michael Kosoff spoke by telephone with Malott W. Nyhart to seek clarification on certain issues raised at the November 10, 2008 meeting. The Representatives discussed the following issues relating to the above referenced proposal:

- Beginning in February 2008, NAFA initiated discussions with its member insurance carriers, Insurance Marketplace Standards Association (“IMSA”) and broker-dealers aimed at addressing the actions of rogue agents selling indexed annuities. The Representatives recommended that any action on the proposal be deferred pending further developments by the National Association of Insurance Commissioners (“NAIC”) and the Financial Industry Regulatory Authority, Inc. (“FINRA”) to address market conduct issues. During our November 25 telephone conversation, Mr. Nyhart recommended deferral of any action on the proposal for one year.
- The Representatives addressed some of the burdens the industry would face if rule 151A were adopted as proposed. These burdens include:
 - \$800,000 to form a registered broker-dealer; and
 - \$3,000,000 initial capital outlay by most insurers to conform to the requirements imposed by rule 151A.