

MEMORANDUM

December 5, 2008

To: File No. S7-14-08

From: Susan Nash
Division of Investment Management

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

On November 12, 2008, William Schultz, Anne-Marie Kelley, Andrew Donohue, and Susan Nash, all of the Commission staff, had a telephone conference with Senator Chuck Grassley, and Kathy Nuebel Kovarik and Christopher Condeluci of Senator Grassley's staff, as well as Susan Voss, Iowa Commissioner of Insurance. The call was initiated at the request of Senator Grassley, in order to have a dialogue between the Commission staff and the Iowa Commissioner of Insurance.

During the call, Commissioner Voss expressed the following views: (1) the state insurance regulators have no lack of clarity that indexed annuities are insurance products that are subject to state insurance laws; (2) state insurance regulators have taken steps to address sales practice issues associated with indexed annuities; (3) dual federal-state regulation of indexed annuities could be problematic for consumers; (4) rule 151A could have spillover consequences for the regulation of indexed life insurance; and (5) the insurance company bears all the risk in an indexed annuity.