August 11, 2008

Dear Sirs,

I am Chairman of the largest specialist long term care insurance brokerage in California. I am also Chairman of the National LTC Network, an association of some 25 members who together placed about 10 % of all long term care insurance premium in 2007. I was shocked at the recent statement by the SEC that fixed indexed annuities might be classified as securities, and believe that your recommendation is in error.

By definition, a security is an investment instrument other than an insurance policy or fixed annuity. There must be risk to the investor's money. Fixed indexed annuities are issued as an insurance policy, and have guarantees that the client cannot lose their principal. The SEC has already made decisions 10 to 15 years ago that indexed annuities are not securities. Their current design does not warrant a change in their definition.

You are allowing the complaints of a few to govern the desires of many. In fact, these annuities may turn out to be a far more prudent investment than most equities, given the present state of our economy and the huge deficit that government has created. Fixed indexed annuity policyholders can sleep at night knowing that they will not lose any money in 2008, or in any succeeding year.

Recent legislation in my state requires agents selling these products to complete special courses designed to strengthen their ethics and their understanding of the minimal risks that fixed indexed annuities possess. By adopting your recommendation, you would effectively prevent many qualified agents who are not Series 7 licensed from selling these worthwhile products. Many elderly people would consequently purchase risky equities when they should adopt the conservative investment strategy that fixed indexed annuities feature.

Please reconsider your recommendation.

Sincerely

Louis H. Brownstone
Chairman
California Long Term Care Insurance Services, Inc.