August 26, 2008

To Whom it May Concern,

Fixed indexed annuities are a great product for many consumers because of safety, tax deferral, liquidity, yield and estate advantages. The value of fixed indexed annuities for consumers has descreased significantly due to recent experiences of the economic downturn when securities values decreased. I feel Proposed Rule 151A will cause disruption in the fixed indexed annuity market and possibly decrease thier sales drastically due to consumer confusion. The state does an excellent job of regulating indexed annuities and the required changes will increase the costs for those who buy and sell annuities making them no longer competitive.

It does not make sense for an annuity that has no downside market risk to be treated as a security. It is a place where consumers can participate in the indexes with out risking thier life savings. Fixed Indexed Annuities are unlike other financial products because they put no risk on the consumer. It also does not make sense since the proposal is ingoring existing case law of the Securities Act of 1933, S.E.C. vs VALIC (1959) and S.E.C. vs United Benefit Life (1967).

The proposed rule of 151A has also been rushed significantly considering the millions of consumers coming into retirement who might use an indexed annuity as a vehicle for their safe money. I think the industry and consumers deserve more time to adequately examine and analyze this proposed ruling and its direct impact, considering my company Creative Marketing alone has over 200 employees not to mention the hundreds of agents who will also be affected because they sell fixed indexed annuities.

Criticisms of fixed indexed annuities, while important to analyze, have been exaggerated. Of the few documented instances of fixed index annuity market, similar to those under S.E.C. regulation, have been corrected for fixed indexed annuities. State regulators have worked hard to put in place logical controls. This can be seen by the increase of suitability and extremely thorough reviews of annuity applications. This increased suitability has also created products that further meet consumer's needs. States have in place resources to address consumer concerns and provide thorough investigations of consumer complaints.

The benefits listed by the S.E.C. are: (i) enhanced disclosure of information needed to make informed investment decisions about indexed annuities; (ii) sales practice protections would apply with respect to those indexed annuities that are outside the insurance exemption; (iii) greater regulatory certainty with regard to the status of indexed annuities under the federal securities laws; and, (iv) enhanced competition. The release included a brief overview of the S.E.C.'s assumptions on cost, but did not set out a thorough economic impact analysis regarding duplicate regulation and the promotion of efficiency, competition and capital formation. An extension of the comment deadline is essential to develop a complete analysis.

Sincerely,

Matt Jaksa
Annuity Sales Assistant

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