

To: SECURITIES AND EXCHANGE COMMISSION
Re: 17 CFR Parts 230 and 240
File No. S7-14-08
Indexed Annuities and Certain Other Insurance Contracts

From: J. B. Preato, MBA, CPA (AZ). M. Div.

I am writing to state my opposition to the SEC's proposed Rule 151.

I have worked in the financial services industry for nearly forty years. During that time I have had the privilege of working with small business owners and corporate executives as they plan for their retirement. I am not aware of anyone who has lost money by purchasing a Fixed Index Annuity (FIA). In contrast, I have encountered many people who have lost significant amounts of money in regulated investments of various kinds. My points are as follows:

1. The risk / reward potential for FIAs differs from investment securities. Purchasers of mutual funds, variable annuities, limited partnerships, debt securities, stocks, and other investments are subject to significant downside market risk. Owners of FIAs cannot lose money. They have not lost a penny in retirement savings because of market turmoil. Conversely, the upside potential of FIAs is capped. By design FIAs limit the amount of interest that can be earned based on any particular index. Owners of FIAs forgo greater upside potential in order to have greater peace of mind.

2. FIAs are already heavily regulated by the insurance department of each state. Through the NAIC, state regulators have worked diligently over many years to mandate appropriate suitability and disclosure requirements for FIA products. Agents must comply with these existing requirements. Additional regulation is unwarranted.

3. The proposed rule will negatively impact the ability of some individuals to continue serving their clients and to earn a living. Purchasers of annuity contracts are currently well served through licensed agents. Draft regulation (rule 151A) adds an unnecessary layer of securities regulation to this insurance product and these licensed agents.

4. This SEC proposal has not been appropriately vetted for comment. This proposal, which would have profound effects on consumers, insurance agents, and the insurance industry, was unveiled on June 25 with only a brief period of time during the summer (vacation) months for comments. This proposal appears to be rushed. More time is needed to understand, evaluate, and address each parties concerns.

In summary, SEC Proposed Rule 151 is confusing, unwarranted, unnecessary, and hasty. It offers little additional consumer protection at tremendous costs to licensed agents, insurance companies, and the entire financial community. This proposed rule should not be adopted.