

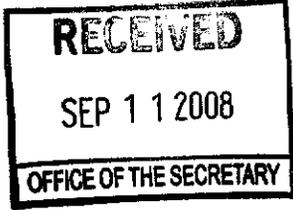
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<ZIP>21017</ZIP>
<PHONE>443-982-5015</PHONE>
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<ISSUE>Business</ISSUE>
<MSG>Proposed Rule - SEC 151A



A Call to Action!

Today, the current state of uncertainty in the annuity market place has forced agents, marketing organizations and insurance companies into a very difficult situation. Never before has there been a better overall portfolio of annuity products to offer the public, while at the same time being portrayed in the media as a portfolio fueled by greed and dishonesty.

The reality of the situation is that ALL ANNUITY PRODUCTS have a specific niche and an appropriate market. Determining suitability and educating the marketing sales force is the best way to ensure that the best product and subsequent solution is recommended to the right client.

Apparently the SEC proposal rests fundamentally on the premise that a Fixed Indexed annuity buyer is an 'investor' and not a person buying a fixed product that can provide many valuable guarantees enjoyed by other fixed annuity contracts. I strongly disagree with this position.

During years of experience as financial services professionals, we have witnessed many product innovations, the creation of new laws, rules and regulations as well as amendments to existing laws, rules and regulations which govern our industry. And, while I may not have been in favor of every, and even disagreed with some of those very innovations, creations, amendments and changes, I have never been as disturbed as I am over the SEC's proposed rule 151A.

Is it possible that the very individuals responsible for rule 151A have lost sight on the basic tenants of fixed annuities? And, one of the most basic tenants of Fixed Indexed Products is the fact that the initial premium along with the interest credited are both guaranteed by the general assets of the issuing insurance company. Additionally, it is the security offered by such guarantees that appeals to purchasers of annuity products.

While I respect the SEC and the value it plays in consumer protection by way of policing fraudulent practices and tactics, I have deep reservations and concerns over the true root of the issue regarding the SEC's intentions and involvement as follows:

v Does the SEC have justifiable concern that the State Departments of Insurance can not accurately police the industry, products and practices within their jurisdiction?

v Does the SEC have substantiated belief that it can police the entire financial services industry better than the combined and orchestrated efforts between the SEC and the State Departments of Insurance?

v Could there be pressure by non-insurance based sectors that may be losing market share to such a valuable and innovative product as the Fixed Index Annuity, thereby causing the SEC to draft rule 151A?

v If passed, why not indexed universal life insurance or fixed universal life insurance (even minimally-funded insurance with lifetime death benefit guarantees) for that matter?

v What's to stop the SEC or some other regulatory body from proposing another rule stating that if an insurance company has too large a position for example, in real estate, than any product associated with that portfolio must be registered?

v If the insurance companies issuing fixed indexed products have received state approval for their product design and the rating agencies have accurately rated the insurance company issuing said products, then how does the regulation of this product line differ from any other fixed product line offered by an insurance company?

The simple truth and fact of the matter is that the interest credited on any fixed product issued by an insurance company is supported by the issuing carrier's general funds which is already supported by market driven investments, loans, real estate and cash. Why is it acceptable to the SEC for an insurance company to declare a fixed interest rate based on the performance of the underlying general funds and subsequent holdings, but it is not acceptable for the same insurance company to share more of their profits or internal investment results with their policy owners? After all, isn't that the entire premise of a dividend?

Indexed annuities are not unique products! The interest crediting method may be unique, but the purpose of, and the need for, this annuity is no different than any other fixed annuity product. The fact of the matter is that the fixed index annuity still offers the same security, the same risk, and the same downside protection as any other fixed annuity. The difference is that in addition to the downside protection, the consumer has the potential of earning a higher rate of return. The value of such a product is optimized by today's extremely volatile markets and as such, underscores the need for such a product more today than ever before.

If you are paying attention to this very high profile and controversial issue, you already know that many state insurance regulators and other parties have expressed and will continue expressing their concerns over the SEC proposal.

Please let SEC Chairman Christopher Cox, the SEC Commissioners, as well as the Chairpersons and members of the Senate Banking and House Financial Services Committees aware of our concerns and opposition to proposed Rule SEC 151A.

Respectively,
Vince Maranto</MSG>