

PAUL E. KANJORSKI
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CHAIRMAN:

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Congress of the United States
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November 17, 2008

57-14-08 3115

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The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE, Room 10700
Washington, DC 20549

Dear Chairman Cox:

On June 25, 2008, the Securities and Exchange Commission published for public comment a proposed new rule 151A under the Securities Act of 1933. This regulatory proposal would treat certain equity-indexed annuities as securities subject to the federal securities laws, rather than as insurance products subject to state regulation. In proposing this regulation, the Commission is seeking to provide clarity concerning the status of hybrid indexed annuity contracts under the federal securities laws, and to address reports of abusive, deceptive, and other inappropriate sales practices, particularly with respect to seniors.

While I commend the Commission's efforts to protect consumers, especially seniors, against all inappropriate sales practices and to clarify the status of sophisticated products, this proposal has proven very contentious. As I understand, the Commission has already received more than 3,500 comments on this rule. Supporters and opponents of this regulatory change have also contacted the Congress, including many of my colleagues on the House Financial Services Committee, to express their views on these matters. Because of this controversy, I believe that a vetting via a public roundtable of the competing positions of state insurance regulators, state securities overseers, and other interested parties is very much warranted.

Moreover, the Congress, as you know, has announced its intention to undertake a review of financial services regulation next year and to consider comprehensive legislation to alter the structure of the industry's outdated oversight system. As part of these debates, we will examine investor and consumer protection issues. The proper regulation of annuities should be part of these debates. This product has evolved considerably in recent years and is now sold by banking representatives, securities brokers, and insurance agents. Our system of functional regulation for annuities has clearly failed to keep pace with the market evolution of annuities products. If the Commission were to convene a public roundtable to review these matters, it would help to inform the upcoming regulatory reform work of the Congress.

In sum, I respectfully request that you defer further action on the proposed rule 151A until the Commission convenes a public roundtable, giving key representatives of interested parties an opportunity to further explain their submitted comments on the proposal. Finally, thank you for considering my views, consistent with all applicable law and regulation, on these important matters.

Sincerely,

A handwritten signature in cursive script that reads "Paul E. Kanjorski". The signature is written in dark ink and is positioned above the typed name.

Paul E. Kanjorski
Member of Congress