

Comments on SEC Proposed Rule, File No. S7-14-08 Indexed Annuities and Certain Other Insurance Contracts

By:

Robert J. Speed

Licensed insurance agent, State of Washington

WA License Number **175874**

As a licensed insurance agent in the state of Washington, and as holder of an equity indexed annuity (EIA), I am resolutely opposed to the Securities Exchange Administration taking over or duplicating licensing, regulation, or any other aspect of management of fixed annuity products.

I have in the past been registered with SEC/NASD as a registered representative, Series 6 and 63. There was no knowledge gained and no professional educational gain either for me or for my clients that would be served in having fixed annuity products regulated by the SEC.

My professional education requirements through the state of Washington were adequate in every respect in helping my clients (and myself as a purchaser) decide whether a fixed annuity met the client's financial objective as well as, or better than, any other choice available.

In fact, I believe that for most clients, a fixed, equity-indexed annuities and equity-indexed life insurance policies are safer than comparable SEC-regulated variable products. Every insurance company I know requires the same kind of suitability guidelines and requirements that SEC requires of companies that sell variable products; and rightly so.

These products were developed and designed by insurance companies without input or interference from federal regulators. State insurance regulators, at least the one in my state of licensing, Washington, require the same level of expertise, licensing, initial and continuing education, and ethical requirements required of registered representatives selling variable products. I see no advantage for companies, agents, or consumer/clients of duplication of regulatory requirements already in place at the state level.

In fact, I see this as detrimental to the interests of people considering purchase of fixed/equity-indexed annuities because I strongly believe that state regulation is, and historically has been, superior to that of federal regulation of securities products. It is, after all, securities dealers who have been all over the front pages of the nation's newspapers for corruption that was NOT foreseen or headed off by SEC regulators. State regulators are closer to the pulse of consumer protection in my humble opinion than federal regulators are.

In addition, as an insurance product, annuities hold a special advantage of guarantee that most securities products do not have (the exception being the insurance contract portion of variable insurance and annuity policies), in that the products are backed by the full

faith and credit of the company selling the products, and secondarily, by the state and other insurance companies in the event of insolvency of a specific insurer.

I consider the proposed rule of the SEC to be, first, REDUNDANT, and second, detrimental to the interests of the consumer, and specifically my clients.

For my own part, I voluntarily relinquished my securities license sometime after equity-indexed annuities and life policies came into prominence, partly BECAUSE I CONSIDERED THEM SAFER than SEC-regulated variable products for most people for whom either product might be appropriate and suitable as part of an overall financial framework.

As a holder of equity-indexed life and annuity products myself, I certainly wouldn't sleep better at night just by having the SEC/NASD involved in their regulation. Throughout the Great Depression, and to date, NO BENEFICIARY HAS EVER LOST A LIFE INSURANCE BENEFIT under our state-regulated insurance industry. The same cannot be said for securities either before or since the SEC came into existence.

This proposal should be tabled.