September 8, 2008

SEC Headquarters
100 F. Street NE
Washington, DC 20549

Re: Proposed SEC Ruling ISIA Referencing File Number S7-14-08

Dear SEC:

As you are aware, your office announced a proposed ruling on Wednesday, June 25, 2008 that would require most if not all, fixed indexed annuity products to be registered under your federal security laws.

The Proposed SEC Rule 151A would subject these insurance products, which are already regulated by our State in Wisconsin! This ruling would have profound negative implications for the way these products are developed, marketed and sold!

Please know that this proposed ruling is not necessary and would jeopardize the careers and small business aspirations of thousands of Life Insurance Professionals across the Country, especially in Wisconsin who are not security licensed.

Indexed Annuities do not bring more risk to a consumer’s portfolio but on the contrary, they allow more diversification and provide more guarantees as well as the following points:

- Indexed Annuities are fixed annuities that, like traditional declared rate fixed annuities, guarantee a minimum interest crediting rate and provide the opportunity to earn interest credits in excess of that guarantee. With a traditional fixed annuity, the crediting of excess interest depends upon the performance of the company’s overall investment portfolio. Similarly, an indexed annuity provides the opportunity for excess interest credits based upon the measurement of an external stock or bond market index. While both products expose the consumer to fluctuating levels of annual excess interest credits, in both cases the consumer has
no risk of loss or premium or prior credited interest (unless the policy is surrendered during the surrender period in which case a surrender charge may apply). The indexed product offers the consumer a strong minimum guarantee backed by the insurance company along with the opportunity to earn excess interest that is hopefully higher than traditional principal-protection products.

- Both the design and scale of annuities are highly regulated by state insurance department as are the companies who manufacture and sell them. State insurance regulations cover, among other things, suitability of insurance agent recommendations regarding annuities, annuity disclosure and advertising, agent licensing and training, unfair trade practices including misrepresentation of product terms and conditions, and enforcement actions and penalties for noncompliance with sales practices requirements. In addition, guaranteed minimum values for annuities are regulated through the Standard Nonforfeiture Law and are applicable to all fixed annuities.

- The securities regulation will add little benefit to consumer protection. Many states have already adopted the NAIC Annuity Disclosure Model Regulation and most, if not all, of the major index annuity carriers have mandated the use of a disclosure statement or certificate describing all important terms and conditions of the annuity contract, including prominent disclosure of surrender charges. Many, if not all, major indexed annuity carriers conduct suitability reviews of all sales in all states. Suitability reviews required of brokers under FINRA rules would not add any meaningful protections over and above what is already being done.

- The guarantees provided by an indexed annuity offer consumers significant protection against investment risk. The DJIA has suffered a decline this year in excess of 20% from its October 2007 record, yet a fixed indexed annuity purchaser will not lose any principal due to such market performance, unlike a consumer of an equity security or a stock mutual fund, or a variable annuity. The annuity interest crediting formula protects the owner against loss due to drops in the index over the crediting period and while the guarantees provided certainly come at a price, this is fully disclosed to the purchaser.
Please know that this proposed ruling will cripple any and all attempts to assure consumers that they are fully protected by their choosing of these products.

Our Office of Commissioners throughout the Country have done quality work to ensure that any and all indexed annuity products sold in their State are properly regulated and are adequate to protect our consumers.

We do not need this additional, harsh and politically unfair legislation that does more damage with the public than good!

Please consider removing this proposed ruling 151A from consideration and let our Industry continue to promote good solid products, like Indexed Annuities, that give consumers throughout the Country a “piece-of-mind” towards the financial risks of their entire Retirement/Pension Investment Accounts.

Let us, as thousands of good qualified Life Insurance Professionals do what we do best to educate and help our Valued Consumers of Indexed Annuities to make profitable choices for themselves and their families without the SEC forcing us to be registered representatives for the benefit of Licensed broker-dealers around the Country, who may not have the best interest of the consumer at heart!

Thank you for the opportunity to address my concerns and the concerns of my consumers over this very important issue.

I look forward to hearing your update and responses.

Sincerely,

“A Very Concerned Small Business Owner for my Clients & Consumers”

Rodney N. Matthews
Rodney N. Matthews, MDRT, N.Q.A., CEPP
President/CEO

RNM: rg