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United States Senate

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September 10, 2008

FORMERLY
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JOINT ECONOMIC
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CHAIRMAN'S
CORRESPONDENCE UNIT

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Mr. Christopher Cox, Chairman
U.S. Securities and Exchange Commission
100 F. Street N.E.
Washington D.C. 20549-1090

File Number: S7-14-08

Dear Chairman Cox:

I am writing to express several concerns regarding the SEC's proposed rule relating to the classification of indexed annuities.

First, I am concerned that the comment period for a rulemaking that will have such far reaching effects on insurance companies and the state regulators who regulate those companies under state law is too short. I believe it is imperative that the SEC extend the comment period for at least another 90 days.

As Sandy Praeger, our Kansas Insurance Commissioner and the President of the National Association of Insurance Commissioners, noted in comments that she and other officers of the National Insurance Commissioners filed with the commission:

The NAIC will be holding its Fall National Meeting on September 22 -- 24 and our members are planning to discuss the proposed rule. We hope that by allowing us additional time to submit written comments, we can offer more helpful information and other details better clarifying our concerns with the proposed rule. Towards this effort, we will be conducting a data call of the top 10 insurance companies selling indexed annuities. The purpose of the data call of the indexed annuity market will be to provide additional detail on how states regulate indexed annuities and any current issues in the marketplace. Depending on the information we receive, we may expand this data call to include a study focusing on marketing and sales materials of insurance companies.

By agreeing to the request for an extension of the comment period, the quality of the rulemaking process will be improved greatly and the SEC will be in a position to make a more informed decision if it promulgates a final rule regarding indexed annuities.

Second, I am concerned with the substance of the SEC's rulemaking. I believe the SEC has failed to make the case that state regulation of the marketing of indexed annuities is inadequate. State insurance commissions have moved -- and are continuing to move -- in an aggressive fashion to address concerns that have been raised in this area. In fact, as the insurance commissioners noted in their comments:

To date, 33 states have adopted the NAIC Model or related legislation on "Suitability in Annuity Transactions." In addition, 22 states have adopted the NAIC Annuity Disclosure

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Model Regulation or related legislation. Most insurance companies follow this model as a standard throughout the country. The NAIC's Life Insurance and Annuities Committee has established a new working group to look to revising this model to improve the disclosure of information provided for annuity products, both generally and specifically, and to provide insurers uniform guidance in developing disclosure information and documents and monitoring distribution thereof in order to better inform annuity consumers about the annuity product purchased and how it works.

There is no question in my mind that the public interest would be best served by an extension of the comment period. I am hopeful that the SEC will heed this advice. Failure to do so is likely to invite unnecessary litigation and legislative action.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Brownback". The signature is written in a cursive style with a large, sweeping initial "S".

Sam Brownback
United States Senator